

# IMPACT OF THE 2014-15 FEDERAL BUDGET ON INDIGENOUS PROGRAMS AND SERVICES

Dr Lesley Russell  
Adj Associate Professor, Menzies Centre for Health Policy  
University of Sydney

June 2014

## Note

This analysis looks at the Indigenous provisions in the 2014-15 federal Budget. This is done in the light of current and past strategies, policies, programs and funding, and is supported, where this is possible, by data and information drawn from government agencies, reports and published papers.

Similar analyses from previous budgets are available on the University of Sydney e-scholarship website.<sup>1</sup>

The opinions expressed are solely those of the author who takes responsibility for them and for any inadvertent errors. This work does not represent the official views of the Menzies Centre for Health Policy.

---

<sup>1</sup> <http://ses.library.usyd.edu.au/browse?type=author&value=Russell%2C+Lesley>

# Contents

<b>Note</b> .....	2
<b>Contents</b> .....	
<b>Introduction</b> .....	4
<b>Budget Overview</b> .....	7
<b>Payments to the States and Territories for Indigenous-specific National Partnerships</b> .....	9
National Partnership on Indigenous Health .....	10
National Partnership on Stronger Futures in the Northern Territory .....	12
<b>Indigenous Health</b> .....	14
Impact of Medicare and PBS co-payments .....	15
Cuts to preventive health services .....	16
Expansion of Better Start to Life and Healthy for Life programs .....	16
Funding and services currently delivered through Medicare Locals .....	17
Funding for Aboriginal Medical Services .....	17
<b>Budget Provisions</b> .....	18
Attorney General .....	18
Cross Portfolio .....	18
Education .....	18
Health .....	19
Prime Minister and Cabinet .....	20
Department of Social Services .....	24
<b>Progress towards Closing the Gap</b> .....	25
<b>The importance of affordable access to primary care services for Indigenous Australians</b> .....	30
<b>Education</b> .....	32

## Introduction

Indigenous Australians will be hit hard by the 2014-15 Budget. Already among the poorest, sickest and most marginalised, Indigenous Australians are hit twice: by cuts to specific programs totalling **\$603.0 million / 5 years**<sup>2</sup> and cuts and changes to a wide swathe of general programs in health, education, welfare and legal services. Together these will exacerbate Indigenous disadvantage and set back the already difficult task of Closing the Gap.

There is some new spending in this Budget – a total of **\$283.6 million / 4 years** – which brings the net savings in the Budget to **\$319.3 million / 5 years**.<sup>3</sup> The majority of new spending (**\$150 million**) is in 2014-15. The short-term focus reflects the Abbott Government's intent to review and restructure Indigenous programs over the next twelve months. Absent from the Budget papers, but vaunted in Ministerial media releases, is the decision to allocate **\$130 million / 4 years** to the expansion of the Better Start to Life and Healthy for Life programs. However it seems that this is not new money, and it is likely these funds come from the **\$777 million / 3 years** previously allocated to the National Partnership (NP) Agreement on Closing the Gap on Indigenous Health. The December 2013 decision of the Council of Australian Governments (COAG) not to proceed with this NP has escaped public scrutiny, and the Government has been silent on what happened to the funding allocated in the 2013-14 Budget.

Additional concerns are raised by the collapse of 150 Indigenous program areas to just five. The five new program areas are:

1. Jobs, Land and the Economy – focused on jobs, business and the use of land for economic development.
2. Children and Schooling – focused on school attendance, improving education outcomes, early childhood and families.
3. Safety and Wellbeing – focused on health and social and emotional wellbeing.
4. Culture and Capability – focused on maintaining culture, social and economic participation and ensuring that organisations are capable of delivering quality services.
5. Remote Australia Strategies- focused on strategic investment in local, flexible solutions based on communities' priorities and remote housing and infrastructure.

Minister for Indigenous Affairs, Nigel Scullion, has said that **\$4.8 billion / 4 years** is allocated for these programs, and that the total investment in Indigenous Australia is much larger, in the order of around **\$8.5 billion / 4 years**.<sup>4</sup> There is no independent way to verify this, although it can be determined that **\$2.52 billion** has been allocated to Indigenous-specific National Partnerships.

These changes flag a period of upheaval in Indigenous Affairs. It is done in the name of "rationalisation". The Department of Prime Minister and Cabinet (PM&C) website says "The new arrangements will reduce red tape and duplication to make sure that resources hit the ground...". But in taking this decision, the Abbott Government has reneged on its pre-election commitment to examine programs to make sure they are directly working to meet the Closing the Gap targets, with any savings identified to be reinvested in Closing the Gap activities. Instead, the health savings are to be invested in the Medical Research Future Fund and other savings will be going to the budget bottom line.

The new "Indigenous Advancement Strategy" within PM&C will take effect on 1 July, 2014. PM&C statements say "Communities will have opportunities to contribute to the design and delivery of local solutions to local issues. Programmes will be implemented through the Remote Community Advancement Network in PM&C which will work with communities to produce long-term transformational change." This sounds as if the focus will remain on remote communities. It also sounds disingenuous, given that the Budget initiatives were developed without input from Indigenous groups and there has been no modelling of the impact of initiatives like the \$7 GP co-payment on Indigenous people and the health care providers who serve them.

<sup>2</sup> Note: the figure is usually quoted as \$534 million / 5 years but this refers only to the net savings from the rationalisation of Indigenous programs in PM&C.

<sup>3</sup> At Senate Estimates the Minister stated that the net reduction was \$239 million / 4 years

<sup>4</sup> Senate Estimates, Finance and Public Administration

Within the important Health portfolio, there is also a process of rationalisation and consolidation and the development of a new funding allocation methodology, including a review to examine models to determine how much funding organisations will receive to deliver primary health care services. This could lead to funding being provided on the basis of need, which would be welcome, or it could be another means to cap expenditures.

Indigenous leaders have expressed concern that this Budget now has Australia heading towards two-tiered education and health systems, compounded by the withdrawal of welfare benefits. In particular, changes to youth welfare have been described as likely to have a “devastating” impact on Indigenous communities.<sup>5</sup> There are concerns that it will further marginalise Indigenous youth. Young Indigenous people often do not have sufficient education and training and resources to look for work and they may lack family support if they are unable to qualify for welfare. Indigenous youth are already over-represented in the prison population; the budget changes, which include cuts to Aboriginal Legal Services, can only exacerbate this.

At the same time there are huge consequences for Indigenous people from a raft of other budget provisions, including the proposed copayments for GP visits and associated pathology and diagnostic services and the proposed increased in co-payments for the Pharmaceutical Benefits Scheme (PBS). Prevention initiatives have been cut, including Indigenous tobacco programs, and this will result in increased health care costs in the future as the impact of smoking, obesity and chronic diseases - significant contributors to the health inequality gap – grow.

In opposition, Prime Minister Tony Abbott said that he would be the “Prime Minister for Aboriginal Affairs” and he has consistently argued for a “focus on practical changes to improve the lives of Aboriginal people”. The February 2014 Prime Minister’s Report on Closing the Gap made an issue of the need for new policy directions because in too many areas “people’s lives are not improving or not improving fast enough.” This Budget is Mr Abbott’s first substantive policy announcement in relation to Indigenous affairs, and when evaluated in the light of his commitments, it is found to be failing. Short-term funding and statements about policy and program reviews have introduced considerable uncertainty and unease into the sector.

The problems are huge and growing:

- Few would suggest that there are not problems in the administration of Indigenous programs, including departmental silos, heavy reporting burdens and multiple and insecure funding streams. However it is not clear how yet more bureaucratic re-organisation will fix this and the increasing surveillance and control of Indigenous providers and communities continues.
- Six years after the Northern Territory Emergency Intervention, sexual abuse of children remains “distressingly common” and mostly unreported and Indigenous children are considerably worse off than their counterparts in other jurisdictions.<sup>6</sup> The number of substantiated cases of child abuse continues to grow, and it is not clear if this is due to a real increase or to improved reporting. Increasing levels of sexually transmissible diseases in Indigenous children has sparked fears that there are many hidden cases of abuse in Indigenous communities around Australia.<sup>7</sup>
- The most recent Closing the Gap report from the COAG Reform Council highlights how much work remains to be done to meet the targets set in 2008 and how little progress has been made to date in a number of key areas.<sup>8</sup> Improvements in Indigenous outcomes are coming at a glacial pace that does not match the gains being made in the rest of Australia, so Closing the Gap was always going to be difficult; now the Budget measures mean we face the prospect of going backwards.

---

<sup>5</sup> <http://www.abc.net.au/news/2014-05-20/gooda-this-budget-could-devastate-indigenous-australians/5462748>

<sup>6</sup> <http://www.aifs.gov.au/cfca/events/bath/audio.html>

<sup>7</sup> <http://www.creativespirits.info/aboriginalculture/health/aboriginal-sexual-abuse#top>

<sup>8</sup> <https://www.coagreformcouncil.gov.au/media/releases/2014-06-26>

- The Abbott Government has been a big supporter of income management programs, first introduced in 2007 by the Howard Government, and these are extended in this Budget – but only for the current financial year. Recent media reports reveal that the Government will not commit to ongoing funding for this program beyond June 2015.
- Joint Commonwealth / State and Territory efforts to Close the Gap in Indigenous health will now languish as the decision has been made not to proceed with a second National Partnership Agreement in this area. It appears that this has also resulted in the withdrawal of funding for this important work.

It is not clear how much input, if any, the Prime Minister's new Indigenous Advisory Council had into the Budget. Council Chair Warren Mundine has said publicly that the 4.5% cut to programs in the PM&C and Health portfolios was initially proposed to be 10% and – shockingly - has himself said that a further \$600 million could be cut.<sup>9</sup>

The previous Labor Government released the National Aboriginal and Torres Strait Islander Health Plan 2013-2023 in June 2013.<sup>10</sup> On 24 June 2014, the Assistant Minister for Health Fiona Nash announced that the Abbott Government would begin work on developing a plan to implement the Plan.<sup>11</sup> Her media release also announced that the Health Plan will be updated to “reflect the Coalition's approach and priorities in Indigenous affairs”. It is hoped that this will be done in consultation with Indigenous groups and stakeholders.

The broad message sent by the 2014-15 Budget is that the Government is more interested in saving money than in delivering more effective programs, it is reluctant to make the hard policy decisions, and its modus operandi is about official controls rather than building personal and community responsibility. All the indications from this budget are that there are further changes in funding and management of Indigenous programs to come in the next 12 months. In the meantime, institutional memory and expertise will be lost, Indigenous people will continue to struggle to access needed services, many service provider are left in limbo, and the gap in disadvantage will continue to yawn.

---

<sup>9</sup> <http://www.abc.net.au/news/2014-06-05/warren-mundine-suggests-more-indigenous-programs-savings/5503446>

<sup>10</sup> <http://www.health.gov.au/internet/publications/publishing.nsf/Content/oatsih-healthplan-toc>

<sup>11</sup> <http://www.health.gov.au/internet/ministers/publishing.nsf/Content/health-mediarel-yr2014-nash030.htm>

## Budget Overview

The 2014-15 Budget makes cuts to Indigenous programs totalling **\$603.0 million / 5 years**. Although the Budget focus has, rightly, been on these cuts, there is some spending – a total of **\$283.6 million / 4 years**, the majority of this (**\$150 million**) in 2014-15. This brings the net savings in the budget to **\$319.3 million / 5 years**. A look at this new spending makes it clear that the Government is not making any substantial commitments to Indigenous spending over the forward estimates, and much of this new spending has a paternalistic flavour – police presence, income management, school attendance.

It is possible that the proposed additional across-the-board efficiency dividends and savings taking from flexible funds will also impact on programs that serve Indigenous people.

Although the majority of Indigenous programs have been brought together within PM&C, there is no effort in this Budget to aggregate spending for this function. The changes that have been implemented in Indigenous Affairs under the Abbott Government make it increasingly difficult to assess what is happening with programs and funding, particularly in the health portfolio. Unlike the previous Government, this Government has not provided a specific Budget paper on investments to Close the Gap.



## Payments to the States and Territories for Indigenous-specific National Partnerships

From 1 July 2014 payments by the Commonwealth Government to the States and Territories for Indigenous-specific programs will be made through four National Partnerships (NPs). In total these NPs provide **\$3.37 billion / 5 years (\$722.4 million in 2014-15)** and constitute the vast majority of the funding that is stated as devoted to Indigenous Affairs. Over one-third of this spending (**\$274.4 million in 2014-15**) goes to the Northern Territory.

While the disadvantage gap is largest for remote communities, this relentless focus on the Northern Territory, which has only 11% of Australia's Indigenous population, comes at the expense of other disadvantaged communities in remote areas of Western Australia and South Australia and the majority of Indigenous people who live in rural and urban areas in states like New South Wales, Queensland and Victoria.

The largest NP is for Remote Indigenous Housing, which totals **\$2.25 billion / 5 years (\$485.6 million in 2014-15)**. If housing funding included in the NP on Stronger Futures in the Northern Territory is included, then total funding for Indigenous housing is **\$2.5 billion / 5 years (\$541.5 million in 2014-15)**.

The funding for current NPs is roughly as outlined in 2013-14, with the provision of additional funding for 2017-18. However with promised reviews of the new program arrangements in PM&C there is no surety that the funding provided in this budget will be there across the forward estimates.

### Indigenous-specific National Partnerships

	2013-13 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m
Indigenous health (does not include health components of Stronger Futures)	34.5	40.7	7.2	6.8	4.3
Indigenous early childhood development - children and family centres	78.0	-	-	-	-
Stronger Futures in the Northern Territory (cross portfolio)	191.3	193.9	192.0	179.2	173.8
Remote Indigenous Housing	541.1	485.6	368.2	411.7	447.6
Remote Indigenous public internet access	2.1	2.2	2.2	2.2	2.3
Total	847.0	722.4	569.6	599.9	628.0

*From 2014-15 Budget Paper No 3*

Several NPs from 2013-14 have been dropped or not continued, including the NP on Closing the Gap on Indigenous Health, the NP on Indigenous Early Childhood Development, and the NP on Remote Service Delivery, although some of the provisions have been funded elsewhere in the Budget. For example, funding will be provided for an additional year for element 2 (reproductive health and young parent support) of the NP on Indigenous Early Childhood Development. However it appears that the 38 child and family centres established under this NP must now rely on State and Territory funding for continued operation. At Senate Estimates it was revealed that the Minister for Indigenous Affairs had written to the centres that are operational saying that they

need to consider how they will be managed and funded going forward, although there may be some (unspecified) assistance available to centres in remote areas.

Worryingly, it has now been a year is the NP in Closing the Gap in Indigenous Health lapsed, and there is no clear advice on how states, territories and the Commonwealth plan to coordinate their efforts. Moreover, with the COAG Reform Council gone, there is no independent umpire to assess progress against the agreed targets.

### Indigenous-specific National Partnership Agreements in 2013-14

National Partnership Agreement	Federal Funding Commitment
Stronger Futures in the Northern Territory	\$3.4 billion / 10 years (to 2022)
Remote Indigenous Housing	\$5.5 billion / 10 years (to 2018)
Closing the Gap in Indigenous Health Outcomes	\$777 million / 3 years (to 2016)
Indigenous Childhood Development	\$564.4 million / 6 years (to 2014)
Remote Service Delivery	\$291.2 million / 6 years (to 2014)
Remote Indigenous Public Internet Access	\$6.5 million / 3 years (to 2016)
Indigenous Health	\$113.8 million / 4 years (to 2016)

*From 2013-13 Budget Paper No 3*

### National Partnership on Indigenous Health

In 2014-15 **\$51 million** will be paid to the States and Territories to support Indigenous health services under the National Partnership on Indigenous Health.

## National Partnership on Indigenous Health

	2013-13 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m
Indigenous health					
- Improving ear health for Indigenous children	0.7	-	-	-	-
- Improving trachoma control services	4.4	4.1	4.2	4.2	4.3
- Indigenous early childhood development – antenatal and reproductive health	24.4	31.5	-	-	-
- Reducing acute rheumatic fever in Indigenous children	2.9	3.0	3.1	2.7	-
- Renal dialysis services in Central Australia	1.7	1.7	-	-	-
Stronger Futures in the Northern Territory					
- Hearing health services	2.8	3.2	3.1	3.3	3.4
- Mobile Outreach Service Plus	4.4	4.5	4.6	4.8	5.0
- Oral health services	2.6	2.6	2.5	2.7	2.8
Torres Strait health protection strategy – Sabai Is health clinic	0.5	0.5			
Total	44.3	51.0	17.4	17.6	15.5

*From 2014-15 Budget Paper No 3*

In 2014-15 this funding is distributed across the States and Territories as shown. As for the NPs as a whole, most of this funding goes to remote areas, with one-third going to the Northern Territory.

## Allocation of funding from NP on Indigenous Health by State and Territory, 2014-15

	NSW \$m	Vic \$m	Qld \$m	WA \$m	SA \$m	Tas \$m	ACT \$m	NT \$m
Trachoma control	0.3	-	-	1.3	1.0	-	-	1.5
Antenatal and reproductive health	8.3	1.5	8.0	6.1	1.7	1.1	0.3	4.4
Acute rheumatic fever	-	-	0.9	0.9	0.4	-	-	0.9
Renal dialysis services	-	-	-	-	-	-	-	1.7
Stronger Futures in the NT	-	-	-	-	-	-	-	10.3
Sabai Is clinic	-	-	0.5	-	-	-	-	-
Total	8.6	1.5	9.4	8.3	3.1	1.1	0.3	18.8

*From 2014-15 Budget paper No 3.*

### National Partnership on Stronger Futures in the Northern Territory

The NP on Stronger Futures in the Northern Territory encompasses provisions in four portfolio areas. This NP replaces the expired NP on Closing the Gap in the Northern Territory and arguably represents the reinterpretation of the programs first put forward under the Northern Territory intervention. Total spending under this NP is **\$919 million / 5 years (\$191.6 million in 2014-15)**. Less than 6% of this is on health (**\$52.3 million / 5 years**).

The DoH website states that **\$754.4 million / 10 years** is allocated to the health component of this NP. It is not apparent how this level of expenditure is arrived at.

The SFNT—Health package is described as including:

- An integrated hearing health program for Indigenous children;
- An integrated oral health program for Indigenous children;
- child abuse trauma counselling and support services for Indigenous children and their families in remote communities, through the Mobile Outreach Service Plus;
- A Territory-wide, integrated and comprehensive, primary health care system;
- Continuing reform of the Aboriginal primary health care system;
- A short-term health professional placement program that supports the primary health care sector;
- Additional alcohol and other drug workers in primary and other health care services;
- Access to high quality and healthy food in remote communities; and
- The Stronger Indigenous Health Services (SIHS) Primary Health Care (PHC) Service Maintenance Grants Program.

The provisions relating to primary care do not appear in the funding outline, and so it is likely that the additional funding is due these provisions, including possibly costs relating to Medicare and access to the PBS.

## National Partnership on Stronger Futures in the Northern Territory

	2013-13 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m
<i>Health</i>	9.8	10.3	10.2	10.8	11.2
-Hearing health services	2.8	3.2	3.1	3.3	3.4
-Mobile Outreach Service Plus	4.4	4.5	4.6	4.8	5.0
-Oral health services	2.6	2.6	2.5	2.7	2.8
<i>Education</i>	46.0	47.8	49.0	43.8	44.5
-Additional teachers	26.4	27.6	28.1	21.6	22.1
-Quality teaching	14.5	14.8	14.8	14.8	14.8
-Teacher housing	5.1	5.4	6.1	7.4	7.6
-Expansion of school enrolment and attendance measure	2.3	2.3	2.2	2.3	2.1
<i>Community Services</i>	82.0	79.6	78.3	76.1	68.6
-Alice Springs Transformation Plan	4.7	4.2	1.8	-	-
-Child, youth family and community wellbeing	13.6	11.3	11.6	11.9	3.1
-Municipal and essential services	15.4	20.9	21.4	21.9	22.3
-Remote engagement and coordination	4.2	4.2	3.7	3.5	3.5
Tackling alcohol abuse	3.8	4.0	4.0	4.0	4.1
<i>Housing</i>	51.2	55.9	52.3	46.2	47.4
<b>Total</b>	<b>189.0</b>	<b>191.6</b>	<b>189.8</b>	<b>176.9</b>	<b>171.7</b>

## Indigenous Health

The 2014-15 Budget cuts **\$165.8 million / 4 years** from Indigenous health programs. However this does not include the funds lost when COAG decided in December 2013 not to proceed with the National Partnership Agreement to Close the Gap on Indigenous Health. This was funded at **\$777 million / 3 years**, although an announcement was never made of how this would be distributed over the forward estimates.

It is assumed that the **\$94 million** to expand maternal and child health programs through Better Start to Life; and the **\$36.2 million** to expand the Healthy for Life program come from a reallocation of this NP funding, and that these programs account for the (net) **\$44 million** in spending in Indigenous health in 2017-18. Interestingly, these programs are not discussed in the Budget Papers, but much is made of their expansion in Ministerial media releases and the Q&A Fact Sheets that accompany the Budget Papers.<sup>12</sup>

It is shocking that the savings realised from Indigenous health are not reinvested back into Indigenous programs but are directed to the Medical Research Future Fund. We do not know how the remainder of the NP funding is spent.

The Budget Papers state that the Australian Government will spend **\$3.2 billion / 4 years** on Indigenous specific health program and activities. This figure excludes funding provided through Medicare and access to the Pharmaceutical Benefits Scheme(PBS). In 2014-15 the total spend, including Medicare and access to the PBS, is estimated to be more than **\$920 million**.

### Spending on Indigenous Health

	Estimates			Projections	
	2013-14 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m
Indigenous health	800	730	749	818	908
Total health spending	64,511	66,892	68,203	71,797	74,856

*From 2014-15 Budget Paper No 1*

Over the forward estimates there is essentially no change in Indigenous spending as a percentage of total health spending (1.1% in 2014-15; 1.2% in 2017-18). The \$190 million the Budget attributes to Medicare and PBS spending in 2014-18 equates to \$284 per person; this must related to specific Indigenous items and programs as the AIHW reports that in 2010-11 total Medicare and PBS spending for Indigenous people was \$712 (vs \$1017 for non-Indigenous people).<sup>13</sup>

Health programs are now split between DoH and PM&C. Integration problems will surely arise with physical health programs in one portfolio (Health) and wellbeing and substance abuse programs in another (PM&C).

The newly named Indigenous Health Service Delivery Division in DoH (the name presumably signifies that policy development is no longer part of DoH's remit in Indigenous health) has responsibility for the following programs:

- Primary Health Care
- Aboriginal and Torres Strait Islander Chronic Disease Fund

<sup>12</sup>

[https://www.health.gov.au/internet/main/publishing.nsf/Content/596E9445127A4683CA257BF0001D7A79/\\$File/q&a%20indigenous%20health%20budget%20280514.pdf](https://www.health.gov.au/internet/main/publishing.nsf/Content/596E9445127A4683CA257BF0001D7A79/$File/q&a%20indigenous%20health%20budget%20280514.pdf)

<sup>13</sup> <http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=60129542784>

- Australian Nurse Family Partnership Program
- Eye and Ear Health Program
- Healthy for Life
- New Directions: Mothers and Babies Services
- Strong Fathers Strong Families
- Stronger Futures in the Northern Territory
- Aboriginal and Torres Strait Islander Workforce

Programs and initiatives now under PM&C:

- Petrol Sniffing Prevention Program
- Social and Emotional Wellbeing
- Substance Use

The Q&A Fact Sheet provided with the Budget states that, from 1 July 2014, the Indigenous Australians' Health Program will be established within DoH, consolidating four existing Indigenous health funding streams: primary health care base funding; child and maternal health activities; Stronger Futures in the Northern Territory (Health); and the Aboriginal and Torres Strait Islander Chronic Disease Fund. A new funding allocation methodology will be developed during 2014-15 and implemented from 2015-16. There is also a review to examine a number of models that could be used to determine how much funding organisations will receive to deliver primary health care services. The Indigenous Health Service Delivery Division provides funding to around 250 organisations, including around 160 which are Aboriginal and Torres Strait Islander Community Controlled.

### Impact of Medicare and PBS co-payments

The proposed \$7 co-payment for GP visits and associated pathology and diagnostic services and the proposed increase in co-payments to the PBS are a cause of great anxiety and will surely adversely impact efforts to Close the Gap through health care. Indigenous people currently access Medicare services at a rate which is almost one third lower than that required on a needs basis and recent evidence indicates that 12.2% of indigenous Australians do not access a GP because of cost in the current system.

While it has been stated that Medicare services for Chronic Disease Management Plans, GP Mental Health Management Plans and Indigenous health checks will be exempt from the new co-payment, these are a fraction of Medicare services provided. There will also be an impact on health service providers. For example, if Aboriginal Community Controlled Health Organisations (ACCHOs) make the decision not to charge a Medicare co-payment, that will have a serious impact on their budget flows. The Minister for Indigenous Affairs, Nigel Scullion, has said that ACCHOs have the ability to decide not to hand on the co-payment. However the Central Australian Aboriginal Congress, the largest Aboriginal medical service in the Northern Territory, says the \$5 cuts in Medicare reimbursement for GP services and the proposed \$7 payment for every pathology test and diagnostic imaging procedure will equate to a cut of about \$1 million a year to their core funding.<sup>14</sup>

This has been brushed aside, with Minister Scullion claiming that MBS funding is an "add-on" to the "significant amount of money" that Aboriginal Medical Services (AMSs) get through grants and other funding. According to the Minister the total MBS funding that went to AMSs in 2012-13 was **\$51 million**.<sup>15</sup> Of that, **\$20 million**, or nearly 40 per cent, is for items that will not incur a co-payment. At Senate Estimates the Minister argued that the net amount that is potentially at risk is between \$5 million and \$6 million, across 116 AMSs.

The Minister has said that he "believes" Indigenous people on the Close the Gap prescription scheme for medicines would be quarantined from the increased PBS co-payments. However there has been no clear statement that this is will be the case.

---

<sup>14</sup> <http://www.smh.com.au/federal-politics/political-news/aboriginal-health-service-will-have-to-find-millions-to-offset-gp-copayment-20140517-38gp7.html>

<sup>15</sup> At DoH Senate Estimates this was given as \$45 million.

## Cuts to preventive health services

Cuts to preventative health services will also have a significant impact on Indigenous people. In particular, proposed cuts to anti-smoking initiatives are a major cause for concern and a severe example of short-termism. Tobacco smoking is the most preventable cause of ill-health and early death among Indigenous people. There is a COAG commitment of **\$200 million / 4 years** (2009-2013) to this effort.

While the reduction in Indigenous smoking rates by 10% over the past decade demonstrates that positive change is possible, current rates still average 41%. Smoking is a major risk factor for children's health, chronic disease, and hospitalisation.

The Government has expressed concerns that current anti-smoking efforts are not working and thus proposes a halt to their roll-out while a review is done. It is ironic that Senate Estimates (DoH) was told that the 59 teams in 54 organisations that serve 58 regions that are working on tackling smoking and healthy lifestyle activity have not achieved full levels of recruitment and therefore will have their recruitment frozen at current levels while the review is being undertaken. An evaluation and review of the Indigenous Tobacco Control Initiative which was launched in March 2008 and concluded in June 2012 has not been released.

## Expansion of Better Start to Life and Healthy for Life programs

These two programs are made up of current programs, rebadged. The Government has announced it is expanding these programs because they have "demonstrated their effectiveness in improving health outcomes".

Better Start to Life comprises New Directions and the Australian Nurse Family Partnership (ANFP) Program. The new funding of **\$94 million** (from 2015-16) will be used for:

- **\$54 million** expansion of New Directions from 85 to 137 sites for maternal and child health programs.
- **\$40 million** expansion of Australian Nurse Family Partnership Program from 3 to 13 sites.

New Directions: Mothers and Babies Services was originally a 2007-08 election commitment of the Rudd Government, and was funded at **\$90.3 million / 3 years**. From 1 July 2009 this program represented the Commonwealth's Own Purpose Expenditure contribution to Element 3 of the NP on Indigenous Early Childhood Development, funded at around **\$30 million / year**. It receive additional funding of **\$133.8 million / 4 years** in the 2011-12 Budget. With the ending of this NP, this provision has been continued. This program was favourably evaluated by the ANAO in 2012.<sup>16</sup>

The ANFP program is based on a model developed by Professor David Olds in the US over the last 30 years and has been well evaluated internationally.<sup>17</sup> It currently operates at three sites: Wuchopperenn Health Service in Cairns, Central Australian Aboriginal Congress in Alice Springs and Wellington Aboriginal Corporation Health Service in Wellington. In the 2011-12 Budget this was provided with funding of **\$44.5 million / 4 years**.

Healthy for Life is a program current funded under the Indigenous Chronic Disease Package. It was originally funded at **\$37.5 million / 4 years** (2009-10 to 2012-13) for the rollout of a national network of Healthy Lifestyle Workers to reduce the lifestyle risk factors that contribute to preventable chronic disease in Indigenous communities. The stated at state goal was for around 25,000 individuals, families and community groups to benefit from this program by 30 June 2013.<sup>18</sup>

The 2014-15 Budget provides **\$36.2 million** from 2015-16 (presumably for 3 years) to expand this program to an additional 32 ACCHOs. Currently around 100 primary health care services are participating in the program in 57 sites located in urban, regional and remote centres across the country. However this is described as a

<sup>16</sup> <http://www.anao.gov.au/~media/Uploads/Audit%20Reports/2011%2012/201112%20Audit%20Report%2035/201112%20Audit%20Report%20No35.pdf>

<sup>17</sup> <http://www.anfpp.com.au/>

<sup>18</sup> <http://ses.library.usyd.edu.au/bitstream/2123/9115/1/2013-14IndigenousBudgetandICDP.pdf>

“realignment” of funding to focus on maternal and child health and chronic disease. This may well indicate that services such as those that focus on men’s health will be downgraded.

### Funding and services currently delivered through Medicare Locals

The Q&A Fact Sheets accompanying the Budget state that decisions about the future of funding for Indigenous health currently provided to Medicare Locals will be made during 2014-15 in time for implementation from 1 July 2015. This means that they will continue to administer:

- Care Coordination and Supplementary Services Program; and
- Improving Indigenous Access to Mainstream Primary Care Program and will receive funding for the Indigenous Health Project Officers and Aboriginal and Torres Strait Islander Outreach Workers.

### Funding for Aboriginal Medical Services

The AMSs have been given a contract for 12 months, through to June 2015. They currently receive about **\$700 million** for Indigenous-specific services plus a Medicare component of about **\$45-50 million**.

## Budget Provisions

### Attorney General

#### Indigenous Languages Support Program – reduced funding

**\$9.5 million / 4 years** is cut from the ILS program, which will now be funded at **\$11.1 million / year**.

	2013-13 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m
AG	-	-2.3	-2.3	-2.4	-2.5

This provision claws back the additional funding (**\$14 million / 4 years**) provided in the 2013-14 for this program.

The most recent report on Indigenous languages in Australia, the National Indigenous Languages Survey (NILS) Report 2005, found that the situation of Australia's Indigenous languages is grave and requires urgent action. Of the 145 indigenous languages still spoken in Australia, 110 are critically endangered. All of Australia's Indigenous languages face an uncertain future if immediate action and care are not taken. The previous Government established a National Indigenous Languages Policy.<sup>19</sup>

#### Legal Services

The 2013-14 MYEFO cut **\$13.4 million / 4 years** from the National Aboriginal and Torres Strait Islander Legal Services (NATSILS). Again, this represent a clawback of additional funding provided in the 2013-14 Budget.

These cuts come at a time when more than 8,500 of the 31,000 prison population is Indigenous.

This Budget cuts funding for legal aid commissions by **\$15 million in 2014-15**, which will make it increasingly difficult for Indigenous people to access mainstream legal services.

### Cross Portfolio

#### Prime Minister's Indigenous Business Policy Advisory Group.

Among the many Australian Government bodies that are abolished is the Prime Minister's Indigenous Business Policy Advisory Group. The Budget Papers state that this has been superseded by the creation of the Prime Minister's Indigenous Advisory Council. This Council, which is chaired by Warren Mundine, was announced by the Prime Minister in September 2013. Leah Armstrong who was previously chair of the Indigenous Business Policy Advisory Group is also a member.

### Education

#### Investing in Research Excellence – digitisation of Indigenous cultural resources

**\$3.3 million** is provided in 2014-15 to continue the digitisation of a range of documentary and audiovisual materials held by the Australian Institute of Aboriginal and Torres Strait Islander Studies. This will help ensure their preservation.

<sup>19</sup> <http://arts.gov.au/indigenous/languages>

A cynical comment would be that this work is absolutely essential to preserve the Indigenous languages that will be lost through the cutting of funds for the Indigenous Languages Support Program!

### **Remote Indigenous Students Attending Non-Government Boarding Schools – additional funding**

**\$6.8 million** is provided in 2014-15 to specific non-government schools for the additional costs associated with boarding and educating Indigenous students from remote communities. Minister Pyne’s Media Release on this measure states that this is interim funding which will be provided for one year to support schools which qualify while a broader welfare review is conducted.

Current funding levels for this program could not be established.

Presumably this additional funding is in response to private schools which have claims that government funding for their Indigenous students who board does not cover their costs.<sup>20</sup>

The Government has previously signalled that it favoured sending more Indigenous children to boarding schools to help to boost school attendance.

## **Health**

### **Indigenous teenage sexual and reproductive health and young parent support – continuation**

An additional **\$25.9 million** is provided in 2014-15 to continue these programs, originally designated as antenatal and reproductive health programs and provided under the NP on Indigenous Early Childhood Development which ceased on 30 June 2014.

	2013-13 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m
Treasury	-	25.5	-	-	-
DoH	-	0.4	-	-	-
From 2013-14 Budget	24.4	6.0			
Total	24.4	31.9	-	-	-

The language appears to signal a shift in focus for these programs. It is not clear why this program remains within the jurisdiction of the DoH.

### **Northern Territory Medical Program – consolidation**

Although this is not a specific Indigenous program, it is included here because it has ramifications for Indigenous health. Savings of **\$0.4 million / 4 years** are taken as a result of what is described as ‘administrative efficiencies’ resulting from the consolidation of the NT Medical Program, the Indigenous Transition Pathway and the NT Remote Clinical School Initiative.

<sup>20</sup> See for example <http://www.theaustralian.com.au/national-affairs/policy/school-funding-to-hit-indigenous-boarders/story-fn59nlz9-1226553928077#>

	2013-13 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m
DoH	-	2.2	2.2	2.3	2.3
Treasury	-	-2.3	-2.3	-2.4	-2.4
Total	-	-0.1	-0.1	-0.1	-0.1

The savings go to the Medical Research Future Fund.

## Prime Minister and Cabinet

### Clontarf Foundation Academy - expansion

**\$13.4 million / 4 years** is provided to fund an additional 3000 places for Indigenous boys to participate in the Sporting Chance program, which seeks to improve their health, education, training and employment outcomes. This appears to be a doubling of current places.

This includes **\$0.3 million / 2 years** for an evaluation.

	2013-13 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m
PM&C	-	1.1	2.8	4.7	4.8

The Clontarf Foundation was established in 2000 and now provides services to around 2,800 boys in 54 schools across Australia. Funding comes from a variety of government and charitable sources. In 2011 the Gillard Government provided \$2 million to support nine new academies across the Northern Territory and Western Australia.

### Community Engagement Officers in the Northern Territory

**\$2.5 million / 4 years** is provided to the NT police to engage up to 8 Community Engagement Police Officers in 2014-15 and four officers in 2015-16. It appears that the majority of these will be short-term (12 month) appointments.

	2013-13 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m
PM&C	-	1.0	0.5	0.5	0.5

There is nothing specifically in this provision that indicates it is targeted at Indigenous communities, but that is clearly the case. In the 2008-09 and 2009-10 Budgets there was provision for 20 Indigenous Engagement Officers (to be drawn from communities). It is assumed that these positions are no longer funded.

### Indigenous Affairs Programs – rationalisation

Net savings of **\$534.4 million / 5 years** are taken through “efficiencies” resulting from the “rationalisation” of Indigenous programs, grants and activities. This includes **\$165.8 million** taken from health programs. It is understood that the spending in health in 2017-18 (**\$44 million**) relates to maternal and child health programs funded under the Better Start to Life Program, but this could not be verified.

	2013-13 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m
Torres Strait Regional Authority	-	-1.2	-0.9	-0.8	-0.6
Department of Health	-40.7	-67.3	-46.0	-11.8	44.0
PM&C	-	-94.5	-98.8	-105.5	-110.4
Total	-40.7	-163.0	-145.6	-118.1	-67.0

The health savings are to be invested in the Medical Research Future Fund and other savings will be going to the budget bottom line.

The savings achieved are described as resulting from a 4.5% efficiency – indicating that the total funds subject to this efficiency dividend is of the order of **\$12 billion / 4 years** which is considerably higher than the total PM&C Indigenous spending indicated (**\$8.5 billion**).

The five new program areas formed as a result of this “rationalisation” are:

- Jobs, Land and the Economy – focused on jobs, business and the use of land for economic development.
- Children and Schooling – focused on school attendance, improving education outcomes, early childhood and families.
- Safety and Wellbeing – focused on health and social and emotional wellbeing.
- Culture and Capability – focused on maintaining culture, social and economic participation and ensuring that organisations are capable of delivering quality services.
- Remote Australia Strategies- focused on strategic investment in local, flexible solutions based on communities’ priorities and remote housing and infrastructure

In the transition to the new program, there is a commitment that all current funding agreements will be honoured and service providers that have had ongoing funding have been informed that they have a six- or 12-month extension. However at the moment it appears that all Indigenous programs are up for review and none of them has a guarantee to continue services beyond the transition period.

It is not clear what DoH programs are affected and whether the savings include savings made from reductions in Medicare services for example. There have been commitments made that there will be no cuts to frontline services. However, quit tobacco programs have been cut and these are surely frontline services.

Government bureaucrats indicated at Senate Estimates that there will be “a number of reviews that the government is going to undertake in this current year, and those reviews will help inform allocation methodologies for the future and priorities for what is a growing lot of investments in Indigenous health to help improve health outcomes and provide better services for Aboriginal and Torres Strait Islander people. For the savings that are here, there is no cut in essential front-line services. There is a commitment that the services through the AMS, as the clinical services that are provided, will continue while the reviews are underway and, prior to the budget, there was a commitment to the sector to continue the funding the clinics receive for core services at their existing levels.”<sup>21</sup>

From 1 July 2014, the Indigenous Australians’ Health Program will be established within DoH, consolidating four existing funding streams: primary health care base funding; child and maternal health programs; Stronger Futures in the Northern Territory (Health); and the Aboriginal and Torres Strait Islander Chronic Disease Fund. The commencement of this measure will align with the rollout of the new Standard Funding Agreement to all organisations funded by DoH, including Aboriginal Community Controlled Health Organisations along with a reductions in reporting requirements by funded organisations rated as low risk to the Department.

<sup>21</sup> Community Affairs DoH Senate Estimates

### National Congress of Australia's First Peoples- cessation

Savings of **\$15 million / 3 years** are taken by ceasing funding for the National Congress of Australia's First People from 1 July 2016.

	2013-13 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m
PM&C	-	-5.0	-5.0	-5.0	-

At Senate Estimates the Minister for Indigenous Affairs argued that these funds had not been cut because "we did not make a commitment before the election that we would fund Congress".

### Outback Power

**\$10.6 million / 4 years** is provided to service up to 250 existing renewable energy systems in remote Indigenous communities in Western Australia, Queensland and the Northern Territory.

	2013-13 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m
PM&C	-	2.6	2.6	2.7	2.7

A survey of 88 remote Indigenous communities done in 1999<sup>22</sup> found that the majority had system faults with their renewable energy systems. Insufficient power was available at 36% of sites and there were recurrent problems at 43%.

In 2011 the previous Labor Government provided \$40 million to the Remote Indigenous Energy Program, part of the Clean Energy Future Package, to help provide reliable power in up to 50 remote communities.<sup>23</sup> Interestingly, although this program is mentioned on the Indigenous.gov.au website, the link through to the program no longer exists.

### Permanent Police Presence in Remote Indigenous Communities

**\$54.1 million / 4 years** is provided to construct police infrastructure in up to seven remote Indigenous communities in Queensland, Western Australia and South Australia, with the focus on communities with populations greater than 300 that do not currently have a police presence or are not located within reasonable distance of the nearest police station.

	2013-13 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m
PM&C	-	6.9	13.2	13.5	20.5

This funding is contingent on agreement from the states that they will provide sufficient ongoing policing resources for these facilities. An additional six police complexes will be constructed in the Northern Territory from existing funding of **\$48.7 million** allocated under the NP on Stronger Futures in the Northern Territory.

<sup>22</sup> [solar.org.au/papers/00papers/Lloyd.PDF](http://solar.org.au/papers/00papers/Lloyd.PDF)

<sup>23</sup> <http://www.climatechange.gov.au/ministers/hon-greg-combet-am-mp/media-release/clean-energy-programs-indigenous-australians>

The Independent Review of Policing in Remote Indigenous Communities in the Northern Territory conducted by Allen Consulting in 2011<sup>24</sup> found that on the whole the additional policing presence has been welcomed in the communities and has had a positive effect on community safety. However some of the communities reported that policing was not effective and needed to be more visible.

This was a Coalition election commitment.

### Remote School Attendance Strategy – extension

An additional **\$18.1 million / 2 years** has been committed from 1 April 2014 to extend the Remote School Attendance Strategy to a further 30 remote Indigenous communities. This funding will be met from within existing resources – reportedly from the Community Development Fund.

This provision was announced in March 2014. The media release stated that this would bring the total funding for the Remote School Attendance Strategy to **\$46.5 million**.<sup>25</sup> The timeframe is not clear.

The Remote School Attendance Strategy was first announced as the School Enrolment and Attendance Measure (SEAM) in the 2008-09 Budget for schools in the Northern Territory, and funded at **\$17.7 million / 3 years**. The 2011-12 Budget provided **\$97.8 million / 4 years** for Income Management and an extension of SEAM. The 2013-14 Budget had funding for the inclusion of four Cape York communities in SEAM.

This measure has been evaluated several times, most recently in an ANAO report release in June 2014.<sup>26</sup> This audit found that the administration of SEAM has been mixed with scope to improve the measure’s effectiveness by strengthening service delivery and performance reporting arrangements.

This program is discussed further elsewhere in this report.

### Support for the Northern Territory Child Abuse Taskforce - continuation

**\$3.8 million / 4 years** is provided to continue the presence of Australian Federal Police officers on the Northern Territory Child Abuse Taskforce.

	2013-13 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m
Australian Federal Police	-	1.3	0.8	0.9	0.8
PM&C	-	-	-	-	-
Total	-	1.3	0.8	0.9	0.8

This taskforce was established in 2006, with the AFP as a co-partner. The AFP will contribute 5 officers to the taskforce in 2014-15, and 3 thereafter.

A study published in 2012 that looked at trends in reports of child maltreatment in the Northern Territory over the period 1999–2010 found there had been considerable increases in both notifications and substantiated cases of child maltreatment, most prominently among Aboriginal children.<sup>27</sup> However while the authors stated it was possible that the observed increases reflect increasing incidence of maltreatment. They were also consistent

<sup>24</sup> <http://www.dss.gov.au/our-responsibilities/indigenous-australians/publications-articles/closing-the-gap-in-the-northern-territory-including-northern-territory-emergency-response/independent-review-of-policing-in-remote-indigenous-communities-in-the-northern-territory?HTML>

<sup>25</sup> <https://www.pm.gov.au/media/2014-03-22/government-expands-remote-school-attendance-strategy-0>

<sup>26</sup> <http://www.anao.gov.au/Publications/Audit-Reports/2013-2014/The-Improving-School-Enrolment-and-Attendance-through-Welfare-Reform-Measure>

<sup>27</sup> <https://www.mja.com.au/journal/2012/197/11/trends-reports-child-maltreatment-northern-territory-1999-2010>

with a mix of increased surveillance, improved service access, changes in policy and a shift in public attitudes. The number of substantiated reports of child abuse in the Northern Territory was 349 in 2000-2001, and increased from 756 in 2007-08 to 1707 in 2011-12.<sup>28</sup>

Rate of substantiations for Indigenous children per 1,000 in 2011-12 was slightly higher in the Northern Territory (47.3) than in Australia as a whole (41.9), but was less than the ACT (57.8), New South Wales (59.4) and Victoria (62.5).<sup>29</sup>

## Department of Social Services

### Income Management – one year extension and expansion to Ceduna, South Australia

**\$101.1 million** is provided in 2014-15 to extend income management in existing locations for one year and to expand income management in the Ceduna Region from 1 July 2014.

	2013-13 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m
DHS	-	76.3	-	-	-
DSS	-	24.8	-	-	-
Total	-	101.1	-	-	-

This will continue income management in the Northern Territory, the APY Lands in South Australia, metropolitan Perth, Kimberley region, Laverton shire and the Ngaanyatjarra Lands in Western Australia through 30 June, 2015. Income management in Greater Shepparton, Logan, Rockhampton, Playford and Bankstown is already funded through 30 June 2015, and in Cape York until December 31, 2015.

The future of this policy will be determined after the Government considers the McClure welfare review and the Forrest review of indigenous employment. On this basis it is interesting to speculate on the rationale behind the expansion of the Ceduna program.

Almost 24,000 people are on income management plans, about 20,000 of these in the Northern Territory. Earlier this year Social Service Minister Kevin Andrews described the program as a success and indicated that he was considering a broader application nationally. With income management funds not provided beyond this financial year, it has been suggested that next year the government will introduce a work-for-the-dole scheme in its place. This would also save \$400 million across the forward estimates.<sup>30</sup> On the other hand, in the context of discussions about the McClure welfare reform review, Minister Andrews has suggested that income management might be extended more broadly.

<sup>28</sup> <http://www.aifs.gov.au/cfca/pubs/factsheets/a142086/>

<sup>29</sup> <http://www.aifs.gov.au/cfca/pubs/factsheets/a142117/>

<sup>30</sup> Nicolas Rothwell in The Weekedn Australian June 21-22, 2014

## Progress towards Closing the Gap

The Closing the Gap targets were first agreed to by the Council of Australian Governments (COAG) in 2008 and the Prime Minister, Tony Abbott, has added another target of closing the gap in school attendance within five years.

The COAG Reform Council's report *Indigenous Reform 2012-13: Five years of Performance* was publicly released in May 2014. The report, the Reform Council's last as it was abolished in the Budget, focuses on whether COAG's six Closing the Gap (CTG) targets have improved over the five years since 2008.

It's not a very good story: gains have been hard to achieve and in some cases things have regressed. There is only one really positive story - death rates for Indigenous children aged 0–4 are falling fast enough to halve the gap in child deaths by 2018. But despite some gains in primary education, year 12 attainment and post school qualifications in some jurisdictions, progress in education is lagging. There has been minimal progress in closing the life expectancy gap and at the present rate of progress this target is not likely to be met by 2031. On Indigenous employment, the gap has widened.

This latest COAG Reform Council report is distinguished by the quality of the data, something that is critical to effectively measuring progress and evaluating the impact of current programs. The Closing the Gap Clearinghouse was established by COAG to bring together research and evaluation evidence on overcoming disadvantage for Indigenous Australians. For each of the CTG priorities, the Clearinghouse has listed promising programs, gaps in the evidence and what doesn't work.<sup>31</sup>

The hidden story behind the COAG Reform Council report is the substantial variation in health, education and employment status and progress made towards the CTG targets across both the States and Territories and between urban, rural and remote areas.

The key points from the COAG Reform Council report are highlighted below:

### Life expectancy

The bad news: Over five years the gaps have narrowed by 0.8 years for men and 0.1 years for women which means the target of closing the gap by 2031 will not be made at the current rate.

- In 2010–2012, life expectancy at birth was 69.1 years for Indigenous men and 73.7 years for Indigenous women. The gap between Indigenous and non-Indigenous life expectancy was 10.6 years for men and 9.5 years for women.
- However there were considerable differences across the States and Territories: for Indigenous men life expectancy ranged from 70.5 years in NSW to 63.4 years in the Northern Territory; the gaps between Indigenous and non-Indigenous varied from 15.1 years in Western Australia to 9.3 years in NSW.
- 2010–12 Indigenous life expectancy estimates were below the pace of progress required to meet the 2031 targets—particularly for women nationally, and in the Northern Territory.

However for reasons that are unexplained in this report and in the original ABS data,<sup>32</sup> life expectancy figures are not provided for all States and Territories, although this data presumably informs the national figure. The ABS website also indicates that comparisons should not be made between State and Territory and remoteness area figures and the national figure as these are calculated on a different methodological basis.

Factors that contribute to life expectancy:

### Smoking

Smoking is a major preventable contributor to the gap in life expectancy between Indigenous and non-Indigenous people due to its causative role in the high rates of cardiovascular and respiratory diseases.

- Between 2008 and 2011–13, the proportion of Indigenous people who smoke daily fell by 3.6 percentage points nationally (from 44.8% to 41.2%). In the same time frame the proportion of non-Indigenous people who smoke daily fell by 2.9 percentage points nationally (from 18.9% to 16.0%).
- Smoking rates were 20 percentage points higher in the Northern Territory (48%) than in the ACT (28%).

<sup>31</sup> <http://www.aihw.gov.au/uploadedFiles/ClosingTheGap/Content/Publications/2013/15161.pdf>

<sup>32</sup> <http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/A80BD411719A0DEECA257C230011C6D8?opendocument>

- The significant gap between Indigenous and non-Indigenous smoking rates (25 percentage points) has not changed since 2008.

These data make the cuts in anti-tobacco programs very short-sighted.

### Alcohol

- There is no significant difference in the overall proportion of Indigenous and non-Indigenous Australians drinking at levels that put them at lifetime risk of harm. Indigenous Australians are more likely overall to binge drink, but do so less frequently.
- In 2011-13, Indigenous people abstained from drinking alcohol at almost twice the rate of non-Indigenous people (26.1% and 16.3% respectively), with abstinence rates as high as 50.5% in the Northern Territory.

### Obesity

Obesity is a risk factor for diabetes, cardiovascular disease and cancer.

- In 2011-13, 71.4% of Indigenous Australians were overweight or obese, compared to 62.6% of non-Indigenous Australians. Rates varied from a high of 75.9% in NSW to 59.8% in the Northern Territory.
- 41.7% of Indigenous Australians were obese, compared to 27.2% of non-Indigenous Australians.
- The picture gets worse: in 2011-13, 86.0% of Indigenous Australians in very remote areas of NSW were overweight or obese. However generally excess body weight was higher in urban areas than remote areas.

### Death rates for children aged 0-4 years

The good news: Death rates for Indigenous children aged 0–4 are falling fast enough to halve the gap by 2018.

- From 1998 to 2012, the death rate for Indigenous children fell faster than the death rate for non-Indigenous children. This reduced the gap from 139.0 deaths per 100 000 in 1998 to 87.6 per 100 000 in 2012. If this trend continues, the 2018 target to halve the 2008 gap will be achieved.
- However death rates of Indigenous children in Western Australia and the Northern Territory are more than three times the rates of non-Indigenous children. Rates varied from a low of 124.3 / 100,000 in NSW to a high of 311.0 in the Northern Territory. Comparison of the Northern Territory figure with the national average for non-Indigenous children (91.2 / 100,000) highlights that there is no room for complacency here – meeting the target nationally in 2018 will be a hollow victory if some jurisdictions lag behind.

### Early childhood education

Take out: A seven percentage point improvement is needed to meet COAG's target of 95 per cent enrolment of Indigenous children in remote communities by 2013.

The COAG target is to ensure that all Indigenous four year olds in remote communities have access to early childhood education by 2013 (defined in the National Indigenous Reform Agreement as 95% of Indigenous children being enrolled in a preschool program in the year before commencing formal schooling).

- The 2012 data show that 88% of Indigenous children in remote areas and very remote areas were enrolled in preschool. However attendance levels were, on average, 11% lower. The good news is that in 2012, remote and very remote areas had higher enrolment and attendance rates than regional areas or urban areas.
- Enrolment rates were higher in 2011, however the COAG report says that refinements to data collection between these years may be the reason for this change.

### Literacy and numeracy

Take out: Looking at Indigenous students' achievement at or above the national minimum standard over five years, reading improved nationally in the primary school years but numeracy did not improve. In writing, there was no national improvement in Indigenous students' results from 2011 to 2013.

COAG has committed to halve the gap in reading and numeracy by 2018.

- Between 2008 and 2013, the gap in the proportion of Indigenous and non-Indigenous students who meet the national minimum standard narrowed in reading in Years 3, 5, 7 and 9 and in numeracy in Years 3 and 5.

- in reading, the gap reduced by 10.5 percentage points in Year 3, 15.6 percentage points in Year 5, 1.3 percentage points in Year 7, and 2.9 percentage points in Year 9
- in numeracy, the gap narrowed by 2.4 percentage points in Year 3 and 3.2 percentage points in Year 5 but widened in the secondary school years (Years 7 and 9).
- Indigenous students' reading improved in the primary school years.
  - From 2008 to 2013, Indigenous students' reading improved nationally for Years 3 and 5 (13.2 percentage points and 19.9 percentage points respectively). Five of nine jurisdictions had improvements in Year 3. Eight of nine jurisdictions had improvements in Year 5 and most of these were substantial. Only South Australia improved in Year 9 (13.8 percentage points) and there was no improvement in Year 7 in any jurisdiction.
- Indigenous students' numeracy did not improve over five years.
  - In 2013, the proportion of Indigenous students who achieved at or above the national minimum standard in numeracy was highest in Year 3 (81.6%) and lowest in Year 9 (65.7%). From 2008 to 2013, Indigenous numeracy did not improve in any year level nationally.

### School attendance

From 2008 to 2012, falls in Indigenous students' school attendance were larger and more widespread than improvements. The gap grew in South Australia, the ACT and particularly in the Northern Territory. Attendance improved and the gap narrowed in NSW and Victoria.

### Indigenous Year 12 or equivalent attainment

The good news: More Indigenous Australians are completing Year 12 or equivalent and the gap is narrowing. The largest gains were in outer regional and remote areas.

- Between 2008 and 2012–13 the gap in the proportion of Indigenous and non-Indigenous 20–24 year olds who attained Year 12 or equivalent decreased significantly by 12.2 percentage points. In 2012–13, 59.1% of Indigenous Australians had attained Year 12 or equivalent, compared with 45.4% in 2008. There were significant improvements in NSW, the Northern Territory and the ACT. The proportion of Indigenous Australians who had attained Year 12 or equivalent grew significantly in this time frame in outer regional areas (by 21.0 percentage points) and very remote areas (by 14.4 percentage points).
- There was also a significant decrease in the national gap of 12.2 percentage points.

### Employment

The bad news: Indigenous employment outcomes have not improved in any jurisdiction and in fact between 2008 and 2012–13, the gap widened in employment, labour force participation and unemployment

COAG committed to halve the gap between Indigenous and non-Indigenous employment outcomes by 2018.

- In 2012–13, the Indigenous unemployment rate was 21.6%, more than four times the rate for non-Indigenous Australians (5.1%).
- 60.9% of working-age Indigenous Australians (15–64 years old) were participating in the labour force, and 47.8% were employed. By comparison, 79.6% of non-Indigenous Australians were in the labour force, and 75.6% were employed. These employment figures include employment provided through the Commonwealth's CDEP scheme.
- From 2008 to 2012–13, Indigenous employment rates fell in Western Australia by 10.7 percentage points.

### Post school qualifications

- Between 2008 and 2012–13, the proportion of Indigenous Australians with or working towards a post school qualification increased by 9.2 percentage points from 33.1% to 42.3%. South Australia had both the largest increase in Indigenous qualifications (15.6 percentage points) and the only significant reduction in the gap (10.0 percentage points).
- Despite these improvements, the gap has not changed significantly since 2008, and was at 21.6 percentage points in 2012–13. In the Northern Territory and Western Australia, the Indigenous post school qualifications rate was lowest and the gap was widest, with little change over five years.

Progress in coordinating efforts to Close the Gap will be hindered by the decision to allow the National Partnership Agreement on Closing the the Gap on Indigenous Health to lapse. And the abolition of the COAG Reform Council means that now there is no independent umpire able to evaluate progress – or lack of it – and hold Commonwealth and State and Territory governments accountable.

Progress Towards Closing the Gap 2008 to 2011-12									
Indicator	NSW	Vic	Qld	SA	WA	Tas	ACT	NT	Australia
Smoke daily (%)	39.5	41.0	41.8	42.2	39.5	39.1	28.1	48.0	41.2
Excess body weight (%)	75.9	69.8	71.3	69.4	73.4	68.9	69.6	59.8	71.4
Risky drinking (%)	19.7	19.9	18.2	22.1	23.0	18.1	15.5	14.2	19.2
Reading (%) Yr3 min national standard	88.6	87.5	85.2	76.7	75.2	89.9	87.6	51.2	-
Numeracy (%) Yr3 min national standard	88.5	88.7	84.6	76.5	76.9	90.6	91.4	50.4	-
Yr10 students in school (%)	75	83	77	73	64	78	77	55	-
Attained Yr12 or equivalent (%)	60.1	72.3	65.7	66.9	45.2	66.4	86.8	38.8	59.1
Post school qualifications (%)	46.7	56.8	42.6	50.1	32.2	46.8	68.2	24.4	42.3
Life expectancy – men (yrs)	70.5	NA	68.7	NA	65.0	NA	NA	63.4	69.1
Gap - non-Indigenous men	9.3		10.8		15.1			14.4	10.6
Life expectancy – women (yrs)	74.6	NA	74.4	NA	70.2	NA	NA	68.7	73.7
Gap – non-Indigenous women	8.5		8.6		13.5			14.4	9.5
Deaths 0-4 yr olds (per 100,000)	124.3	NA	210.8	175.3	249.7	NA	NA	311.0	197.8
Gap – non-Indigenous kids	32.2		104.6	98.7	182.0			209.3	106.6
		No progress since 2008		Reversal since 2008		Progress since 2008		Substantial progress since 2008 (>10%)	

Compiled from COAG Reform Council data

## The importance of affordable access to primary care services for Indigenous Australians

In a paper published in the Medical Journal of Australia in late 2013, I argued that there must be major changes in the way health services for Indigenous Australians are delivered and funded if we are to improve Indigenous health and health care and ensure real returns on the substantial investments that are being made.<sup>33</sup>

Australian IHW reports show that in 2010–11 financial year total spending on Indigenous health was \$4.552 billion, or \$7995 for every Indigenous Australian, compared with \$5437 for every non-Indigenous Australian, with over 90% of this funding from governments. The surest sign that this money was not well invested in prevention, early intervention and community services is that most of it (on average \$3266 per person but \$4779 per person in remote areas) was spent on services for patients admitted to hospitals, while spending on Medicare services and medicines subsidised by the PBS on a per-person basis was less than that for non-Indigenous Australians by \$198 and \$137, respectively.

The hospital data hammer the story home. In 2010–11, the overall age-standardised separation rate of 911 per 1000 for Indigenous people was 2.5 times that for non-Indigenous people; for people living in the Northern Territory the rate was 7.9 times that for non-Indigenous people. Further examination highlights how a lack of primary care and prevention services drives increased hospital costs. In 2010–11, total expenditure on potentially preventable hospitalisations for Indigenous Australians was \$219 million or \$385 per person, compared with \$174 per non-Indigenous Australian. Most of this spending is for chronic conditions like complications from diabetes, but, too often, Indigenous Australians are hospitalised for vaccine-preventable conditions like influenza and pneumonia, acute conditions like cellulitis, and injury. Avoidable hospitalisations are an important indicator of effective and timely access to primary care, and provide a summary measure of health gains from primary care interventions.

The veracity of my push for improving access to culturally safe primary care services as delivered through ACCHOs was supported by a recent publication from Wakerman et al, also in MJA.<sup>34</sup> This paper provides solid evidence that better access to primary care in remote Northern Territory communities prevents costly hospitalisations and improves health for Indigenous Australians with diabetes.

Looking over a ten-year period, they found that Indigenous remote residents with diabetes who visited primary care services 2-11 times a year had far fewer hospitalisations, lower death rates, and fewer years of life lost than those patients who visited less than twice a year. The calculated savings to health systems were significant: the cost of primary care to prevent one hospitalisation (\$248) is dramatically less than the average cost of that hospitalisation (\$2915). That represents a \$12.90 return on every \$1 invested. Even when patients use primary care services twelve or more times a year there is a four-fold return on the investment.

Given the current debate over the impact of proposed co-payments for many primary care services and concerns about the rapidly growing health budget (with almost all of this growth in acute care), the policy implications of this work are significant. It is important that patients with chronic conditions such as diabetes – especially those who are socio-economically disadvantaged - are able to access and afford primary care services at adequate levels both for their own health and the financial sustainability of the health system.

---

<sup>33</sup> <https://www.mja.com.au/journal/2013/199/11/reports-indicate-changes-are-needed-close-gap-indigenous-health>

<sup>34</sup> <https://www.mja.com.au/journal/2014/200/11/cost-effectiveness-primary-care-indigenous-australians-diabetes-living-remote>

Delivering primary care services in remote areas is considerably more expensive compared with urban settings, but such investments are necessary to Close the Gap, and Wakerman et al have highlighted the cost-effectiveness of this investment in terms of lives and dollars saved.

## Education

Indigenous students continue to have poor educational outcomes, and recent reports highlight that Australia is struggling to Close the Gap on educational disadvantage. In many parts of remote Australia, adolescents are now less literate than their parents and grandparents. This hinders their ability to find employment and be active participants in solving the problems that confront their communities.

While COAG reports show that Indigenous access to early childhood education and Year 12 completion is improving, Indigenous students are struggling in the years in between. The COAG Reform Council report<sup>35</sup> reveals that NAPLAN results for years 3, 5, 7 and 9 show little to no progress since 2008 on reaching reading and numeracy goals. The education gap is widest in the Northern Territory and more remote areas.

Also post-school training is not improving enough to make a difference, with the gap between the proportion of Indigenous and non-Indigenous people with post-school qualifications widening. Small wonder then that Indigenous workforce participation and employment rates are declining.

However to date the Abbott Government's policy announcements have focused primarily on school enrolment and attendance, with little effort going to resources and ensuring quality teaching, presumably because this is seen as a State and Territory responsibility.

The Aboriginal and Torres Strait Islander Education Action Plan 2010-14 was endorsed by COAG in 2011. The Plan commits all governments in Australia to a unified approach to improving education outcomes between Indigenous and non-Indigenous students. 900 Focus Schools, where actions will make the greatest difference in progressing the Closing the Gap targets for education, have been identified under the Plan. The most recent report was for 2012<sup>36</sup> and the future of this COAG Action Plan is not known.

One of the key issues for Indigenous education is enrolment and attendance, especially in remote areas. Poor school attendance in the Northern Territory was highlighted in the 2007 *Little Children are Sacred* report which noted the "miserable school attendance rates for Aboriginal children and the apparent complacency here (and elsewhere in Australia) with that situation". The Northern Territory Emergency Response included a number of initiatives to improve school enrolment and attendance, such as improving school infrastructure and boosting teacher numbers.

In 2009 the previous Labor Government announced the School Attendance and Enrolment Pilot. The intention was to trial the conditional linkage of school enrolment and attendance to welfare payments, so as to encourage better enrolment and attendance. Since then the model has been revised as the School Enrolment and Attendance through Welfare Reform Measure (SEAM) and significant additional funds have been provided to roll this model out in the Northern Territory and other remote communities. Note that While SEAM may apply to parents of any background, SEAM communities all have a high proportion of residents who are Indigenous Australians.

An initial evaluation of the effectiveness of the Northern Territory program found that SEAM had a positive impact on student attendance rates, although the effect was generally short-term with relapses commonly occurring after the compliance period. The evaluation also pointed to the importance of other forms of support to promote student attendance, such as the role of social workers and other school-level initiatives.

---

<sup>35</sup> <https://www.coagreformcouncil.gov.au/reports/indigenous-reform/indigenous-reform-2012-13-five-years-performance>

<sup>36</sup>

<http://scseec.edu.au/site/DefaultSite/filesystem/documents/ATSI%20documents/2012%20ATSI%20Report/ATSIAP%202012%20Report.pdf>

In June 2014 the ANAO released an audit report of SEAM.<sup>37</sup> It found that overall, the administration of SEAM has been mixed and there remains scope to improve SEAM's effectiveness through strengthening key aspects of service delivery and performance reporting. It reported that the Commonwealth Government departments had failed to resolve many of the issues that were identified during the initial trial.

In particular the audit was critical of the fact that limited performance measures were established prior to the transfer of SEAM to PM&C and this has constrained the ability to assess SEAM's effectiveness and identify areas to improve efficiency of delivery. It also constrains the ability to provide advice to government on the program's success, and to inform policy considerations. Given that SEAM is planned to be in operation until 2022, the ANAO recommends finalising a performance reporting approach. The ANAO report states that PM&C will undertake an evaluation of SEAM in 2014.

Considerable interest has been generated over the potential of Direct Instruction (DI), the American education system being pioneered and championed in the Cape York Aboriginal Australian Academy (CYAAA) schools by Noel Pearson. This program is well evaluated internationally; in Cape York there is anecdotal evidence for its popularity and effectiveness, but real evidence will not be available until September 2014 when results from recent NAPLAN tests are released. There is however evidence that school attendance is high and behaviours are good.

In run up to 2013 election Abbott pledged \$22 million to support an expansion of DI. The Government has recently called for tenders to run a project worth \$22 million / 3.5 years for the delivery of DI or similar programs in remote areas and the Northern Territory Education Department is looking to implement DI in 20 of its most challenged outback schools.

However there are strong links between health and education, and improving education outcomes requires addressing a number of health and social welfare issues. A report from CYAAA highlights the health problems of many Indigenous Children – in Cape York and elsewhere - that seriously affect their ability to learn. In Cape York almost 15% of children suffer from otitis media which affects hearing; allegations of child abuse and neglect have been made for more than 12%; 8% have been diagnosed with failure to thrive; and 1.5% show the effects of foetal alcohol spectrum disorder. Lack of early diagnosis and treatment affects children's physical, psychological, social and emotional development.

Additionally, there are testing problems for those Indigenous children who do not have good English language skills. While the focus of NAPLAN testing is ostensibly literacy and numeracy, the tests are also a de facto English language test for students. When Indigenous ESL students are generally undifferentiated from their native-English speaking peers, they are easily misrepresented as "deficient".

While there are reports of one Northern Territory School of 300 students with 11 attendance / truancy officers, there has been no increase in teaching resources to accompany the drive to get students to school. The Productivity Commission report on schools workforce provides data to highlight that the recruitment and retention of suitably qualified teachers is a major problem for schools which have predominately Indigenous students.<sup>38</sup>

---

<sup>37</sup> <http://www.anao.gov.au/Publications/Audit-Reports/2013-2014/The-Improving-School-Enrolment-and-Attendance-through-Welfare-Reform-Measure>

<sup>38</sup> [http://www.pc.gov.au/\\_\\_data/assets/pdf\\_file/0006/116664/12-schools-workforce-chapter9.pdf](http://www.pc.gov.au/__data/assets/pdf_file/0006/116664/12-schools-workforce-chapter9.pdf)

### Schools reporting difficulty in recruiting / retaining staff<sup>39</sup>

	Difficulty suitably filling vacancies (%)				Difficulty retaining suitable staff (%)			
	Major	Mod	Minor	No	Major	Mod	Minor	No
<i>Primary schools</i>								
Low SES	10.7	24.8	28.6	35.9	7.7	8.7	31.8	51.8
High SES	2.5	6.4	25.6	55.5	1.2	11.9	20.2	66.7
Remote	9.5	29.2	26.3	35.0	14.6	9.5	24.8	51.1
ATSI focus	29.5	35.5	24.6	10.4	27.7	26.6	16.8	28.8
<i>Secondary schools</i>								
Low SES	15.1	27.2	35.4	22.3	12.5	12.7	37.4	37.4
High SES	2.8	33.7	36.2	27.4	4.7	9.1	36.0	50.2
Remote	23.2	42.9	16.1	17.9	10.7	46.4	23.2	19.6
ATSI focus	37.5	35.8	18.3	8.3	4.5	18.3	39.0	38.3

Meanwhile Commonwealth Government focus has been on programs at the margins, with funding going to non-government projects such as Clontarf Academy, the Australian Indigenous Education Foundation, Home Interaction program for Parents and Youngsters run by the Brotherhood of St Lawrence. These programs can all demonstrate success and they do valuable work, but they are not able to reach all Indigenous children and youth, especially those with the greatest need.

It is not clear whether the Abbott Government's aversion to the educational policies of the previous Government which were based on the recommendations of the Gonski Report extends to the increased funding provided for Indigenous students. An "indigenous loading" means an average of \$30,000 in extra funding for each of an estimated 200,000 indigenous students over the six-year transition to a new funding model. The indigenous loading for 2014 ranges from \$1854 per student where only one Aboriginal and Torres Strait Islander child is enrolled at a primary school, to \$14,631 per student in secondary schools where every student is indigenous.

The biggest share of this funding will go to Queensland schools, where \$1.6 billion will be allocated to some 55,000 indigenous students in 1555 schools over the six years. Of the rest, \$1.3 billion would go to NSW schools, \$1.1 billion to West Australian schools, \$1 billion to schools in the Northern Territory, \$300 million to South Australia, \$100 million to Tasmania and \$40 million to the ACT.<sup>40</sup>

Education is a key social determinant – it affects health, employment, community involvement and facilitates important life choices. There is so much more that needs to be done to Close the Gap on educational disadvantage.

<sup>39</sup> [http://www.pc.gov.au/\\_\\_data/assets/pdf\\_file/0006/116664/12-schools-workforce-chapter9.pdf](http://www.pc.gov.au/__data/assets/pdf_file/0006/116664/12-schools-workforce-chapter9.pdf)

<sup>40</sup> <http://www.smh.com.au/federal-politics/political-news/gonski-indigenous-game-changer-at-risk-20130525-2n3r6.html#ixzz35udTNLPn>