



Reconciliation
A U S T R A L I A

6 February 2015

**Submission to the Department of the
Treasury**

2015-16 Commonwealth Budget

Reconciliation Australia is the national organisation promoting reconciliation between the broader Australian community and Aboriginal and Torres Strait Islander peoples. Our vision is to build an Australia that is reconciled, just, and equitable for all. To do so, we are dedicated to building relationships, respect and trust between Aboriginal and Torres Strait Islander peoples and other Australians. We believe a reconciled Australia is one where:

- There are strong two-way relationships between Aboriginal and Torres Strait Islander and non-Indigenous Australians;
- Aboriginal and Torres Strait Islander history, culture and rights are a proud part of our everyday life;
- Our national wellbeing is enhanced by Aboriginal and Torres Strait Islander strength and prosperity;
- The collective rights of Aboriginal and Torres Strait Islander peoples are recognised and respected.

Government investment is crucial in achieving these goals and to improving life outcomes for Aboriginal and Torres Strait Islander Australians. As such, Reconciliation Australia welcomes the opportunity to provide this submission to the Department of the Treasury on priorities for the upcoming 2015-16 Federal Budget. We support the Government's strong commitment to fiscal responsibility; however we believe it is imperative to carefully consider the impact budgetary savings may have on the lives of Aboriginal and Torres Strait Islander peoples and progress towards reconciliation.

The 2014-15 Budget

The Federal Government 2014-15 Budget (the Budget) contained cuts to many areas of public spending in order to meet the Federal Government's stated objective of returning the budget to surplus. However, the outcome of these budget cuts was an approach 'contrary to the policy of inclusive growth in the Australian context'.¹ The Budget also confirmed that Indigenous specific programs would be consolidated under the Indigenous Advancement Strategy (IAS), streamlining programs and services. Notably, the previous 150 Indigenous programs were rationalised into five key areas and funding streams: jobs, land and economy; children and schooling; safety and wellbeing; culture and capability; and remote Australia strategies.

Funding of \$4.8 billion over four years to the IAS highlights the Government's commitment to the new structure. However, this has resulted in \$534 million of cuts to Indigenous affairs over five years, including \$15 million from the National Congress of Australia's First Peoples, \$3.5 million from the Torres Strait Island Regional Authority, \$9.5 million from the Indigenous Languages Support Program, and around \$165 million to the Indigenous health budget. The rapid transition to the IAS structure has also left many previously funded organisations and programs without funding or uncertain of their future. Significantly this includes the Indigenous Education Consultative Bodies (IECBs) in states and territories, which play a critical role advising governments on education policy for Aboriginal and Torres Strait Islander students.

¹ Australian Council of Social Services Budget Priorities Statement 2015-16. Available from http://acoss.org.au/images/uploads/ACOSS_2015_Budget_Priorities_Statement_FINAL.pdf

While the Government assured interested parties that these budgetary savings would not result in cuts to services, as it stands, the 2014-15 budget cuts have had significant impact on the services delivered to Aboriginal and Torres Strait Islander peoples. In particular, cuts to legal services announced in the 2014 Mid Year Economic and Fiscal Outlook will continue to damage the services that Aboriginal and Torres Strait Islander legal organisations are able to provide. The \$13.4 million cut to the Indigenous Legal Aid and Policy Reform Program which funds the Aboriginal and Torres Strait Islander Legal Services will inevitably result in reduced service delivery, and will continue to see closures of Aboriginal and Torres Strait Islander Legal Services around Australia. Given the severe over-representation of Aboriginal and Torres Strait Islander people in the Australian justice system, any budgetary changes that continue to negatively impact this rate should be reconsidered.²

It is likely that funding cuts announced thus far will also have lasting effects on the ability of the Government to effectively consult with Aboriginal and Torres Strait Islander people. Reducing funding for the National Congress of Australia's First Peoples (Congress) considerably impacts the ability of Congress to effectively represent Aboriginal and Torres Strait Islander peoples. As the only nationally representative body for Aboriginal and Torres Strait Islander people, it is imperative that Congress is financially supported by the Government until they are self-sustaining. Similarly, the defunding of the IECBs will negatively impact meaningful consultation across the education sector. IECBs have been supported by successive Australian Governments in recognition that the involvement of Aboriginal and Torres Strait Islander people in educational decision making is critical to achieving sustainable improvements in educational outcomes for Aboriginal and Torres Strait Islander children. Reconciliation Australia knows directly the valuable insights of the IECBs concerning education and Aboriginal and Torres Strait Islander engagement, having worked closely with national and local IECBs in development of the *Narragunnawali: Reconciliation in Schools and Early Learning* program. We believe discontinuing Commonwealth funding for IECBs will have long-lasting, negative impacts on the educational attainment of Aboriginal and Torres Strait Islander students, engagement with Aboriginal and Torres Strait Islander histories and cultures in the classroom, and for broader Government engagement with Aboriginal and Torres Strait Islander communities.

Any further cuts in the 2015-16 Federal Budget to the Indigenous affairs portfolio would be particularly concerning given that Aboriginal and Torres Strait Islander people will also be disproportionately impacted by the broader social policy reforms proposed by the government. The Medicare co-payment and proposed reforms to the higher education and welfare systems will have an inequitable effect on Aboriginal and Torres Strait Islander people due to higher rates of chronic disease, lower employment rates, and lower levels of educational attainment.

As highlighted by the Australian Council of Social Services budget submission, the 2014-15 Budget imposed the heaviest savings measures on those who are least able to bear them.³ It is crucial that the Government champion basic services and support for the people in Australia who need them most, which in many cases include Aboriginal and Torres Strait Islander people.

² SCRGSP (Steering Committee for the Review of Government Service Provision) 2014, *Overcoming Indigenous Disadvantage: Key Indicators 2014*, Productivity Commission, Canberra.

³ Australian Council of Social Services Budget Priorities Statement 2015-16. Available from http://acoss.org.au/images/uploads/ACOSS_2015_Budget_Priorities_Statement_FINAL.pdf

Recommendation 1: No further budgetary savings are made from within the Indigenous Affairs portfolio in the upcoming 2015-16 Federal Budget

Recommendation 2: The previous \$15 million in funding to Congress is reinstated, and IECBs continue to receive Commonwealth funding support

Indigenous Advancement Strategy (IAS)

The first round of IAS funding applications has now closed and funding announcements under the IAS are yet to be made. The lack of information about funding decisions has created high levels of uncertainty for Aboriginal and Torres Strait Islander organisations, and severely limits their ability to proceed with long-term forward planning. The current uncertainty and unease are the result of the lack of clarity around program funding, recent and potentially further budget cuts, and the direct impact these decisions have on the lives of Aboriginal and Torres Strait Islander people and organisations.

This uncertainty has been compounded by little consultation with Aboriginal and Torres Strait Islander people. When implementing significant changes that will have drastic impacts, it is imperative that the Government consult with Aboriginal and Torres Strait Islander peoples, organisations, and communities. Thus far, the radical overhaul of Indigenous Affairs has been completed with little consultation or engagement with the Aboriginal and Torres Strait Island community.

Budgetary cuts have left many Aboriginal and Torres Strait Islander communities in a state of flux and uncertainty. This can leave the perception of a lack of support for Aboriginal and Torres Strait Islander affairs which appears inconsistent with stated Government support for constitutional recognition. Constitutional recognition will not be possible without broad support from both the Aboriginal and Torres Strait Islander community and the non-Indigenous community. Further cuts within Indigenous Affairs are likely to threaten momentum towards reconciliation and closing the gap, and will likely result in greater need and spending in the future.

Reconciliation Australia believes the new IAS structure has the potential to improve the effectiveness and efficiency of funding within Indigenous Affairs when properly implemented. The focus of the IAS on flexibility and outcomes, and the potential for long term funding agreements, are particularly welcome. However, as we see it, there are also aspects of the IAS that are contrary to its stated objectives. For example the requirement for organisations receiving over \$500,000 to be incorporated under Commonwealth legislation is inflexible and fails to recognise the diversity of effective Indigenous governance models which exist across Australia.

As part of the new arrangements under the IAS, Reconciliation Australia strongly recommends that the Government prioritises funding for Aboriginal and Torres Strait Islander organisations to deliver services and work with their communities. Reconciliation Australia conducts the Indigenous Governance Awards every two years to recognise successful Aboriginal and Torres Strait Islander organisations leading the way in their communities. From the Awards we know that there are many professional, well-run and strategic

Indigenous organisations all across Australia. Often they are the life blood of their communities, delivering critical services in ways mainstream organisations cannot. Indigenous organisations employ and train local people, provide purpose, structure and stability to their communities and empower Aboriginal and Torres Strait Islander people to take control of their own lives. Evidence shows that effective programs and policies that are created and delivered through community enfranchisement, empowerment and capacity building, ultimately lead to cost-effective and sustainable outcomes. Prioritising support for Indigenous organisations through the IAS will send a clear message of empowerment and trust to Aboriginal and Torres Strait Islander people, and will ensure that critical services are delivered in a safe, accessible and sustainable manner.

Recommendation 3: Ensure an appropriate level of time and resources are available to meaningfully consult and engage with Aboriginal and Torres Strait Islander communities and organisations regarding funding or program changes

Recommendation 4: Wherever possible, prioritise funding for Aboriginal and Torres Strait Islander organisations to act as service providers in their communities

Accountability and evidence

The Closing the Gap targets, developed and agreed by all Australian Governments under the Council of Australian Governments (COAG), provide a common and transparent framework for diverse groups across governments, business and the wider community to work towards improving health, education and employment for Aboriginal and Torres Strait Islander peoples. As part of an ongoing commitment to improving the life outcomes for Aboriginal and Torres Strait Islander people, and in order to ensure that recent progress is not lost, Reconciliation Australia urges the Government to strongly and transparently commit to action towards the Closing the Gap targets. This includes funding directed towards programs that will contribute to achieving the Closing the Gap targets. Additionally, as part of the Government's commitment to reducing Aboriginal and Torres Strait Islander disadvantage, there must be an ongoing process to extend and expand the Closing the Gap targets where necessary. Embracing this approach in 2014, the Government added a target for school attendance, and Reconciliation Australia joins with the Social Justice Commissioner in calling for the inclusion of justice targets.⁴ Justice targets were first recommended by the Standing Committee on Aboriginal and Torres Strait Islander Affairs *Inquiry into Indigenous youth in the criminal justice system* to be included in the Closing the Gap targets, and were further suggested as a future Closing the Gap target at the July 2011 meeting of the Standing Committee of the Attorney-General.^{5,6}

Addressing the current rate of Aboriginal and Torres Strait Islander incarceration should be viewed as a national priority. In 2013, Aboriginal and Torres Strait Islander adults were

⁴ Australian Human Rights Commission, *Social Justice and Native Title Report 2014*, Sydney (2014)

⁵ House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs, *Doing Time-Time for Doing*.

⁶ Standing Committee of Attorneys-General, Communique 21 & 22 July 2011 (2011).

imprisoned at 13 times the rate for non-Indigenous adults.⁷ Disturbingly, rates of incarceration are also worsening over time: between 2000 and 2013, the imprisonment rate for Aboriginal and Torres Strait Islander adults increased 57 per cent.⁸ As a result of these rates of incarceration, Aboriginal and Torres Strait Islander people now make up 27 per cent of the prison population.⁹ These dire rates of imprisonment are not limited to the adult Aboriginal and Torres Strait Islander population; Aboriginal and Torres Strait Islander youth are held in detention at more than 24 times the rate than non-Indigenous youth.¹⁰

The high social and economic costs of imprisonment provide a strong incentive to lower incarceration rates of Aboriginal and Torres Strait Islander people. If Aboriginal and Torres Strait Islander Australians were imprisoned at the same rate as non-Indigenous Australians, there would be around a 94 per cent reduction in the rate of Aboriginal and Torres Strait Islander imprisonment.¹¹ In turn, this would equate to over \$600 million in savings.¹² Furthermore, communities are made weaker when a large number of people are incarcerated, as the community is disrupted, social norms are weakened, and formal and informal social controls are lost.¹³ In order to be able to measure gains in this area effectively, it is crucial to include justice targets and indicators in the Closing the Gap framework, against which progress can be measured.

The 2014 Closing the Gap Prime Minister's Report shows we are making gains in life expectancy, child mortality and Year 12 attainment.¹⁴ Without the use of targets and indicators provided by the Closing the Gap framework, it is difficult to track progress. The Closing the Gap targets also provide a clear and transparent framework for achieving outcomes and provide an important guide for funding decisions. Other areas under the framework which require due consideration for funding in the upcoming Budget include ongoing funding for early childhood services under the National Partnership Agreement on Indigenous Early Childhood Education, which provided funding for 38 Aboriginal Child and Family Centres. These centres provide key community services, ensure that Aboriginal and Torres Strait Islander children are afforded the chance to have optimal early childhood development, and strengthen Aboriginal and Torres Strait Islander communities. Additionally, the Government should ensure continued funding for the implementation of the National Aboriginal and Torres Strait Islander Health Plan which was developed in close consultation with Aboriginal and Torres Strait Islander people.

Equally as important as a common framework is a commitment to ensuring funding decisions are based on evidence and evaluation. Funding decisions that are made after a transparent evaluative process are more likely to be supported, both by Aboriginal and Torres Strait Islander people and the broader Australian community. Better measurement of outcomes, and more consistent program evaluation, is fundamental to enabling programs that reinforce and build on existing strengths and capacity within communities, and promote

⁷ SCRGSP (Steering Committee for the Review of Government Service Provision) 2014, *Overcoming Indigenous Disadvantage: Key Indicators 2014*, Productivity Commission, Canberra.

⁸ Ibid.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Australian Human Rights Commission, *Social Justice and Native Title Report 2014*, Sydney (2014).

¹² Ibid.

¹³ National Institute of Justice, *When Neighbors Go to Jail: Impact on Attitudes about Formal and Informal Social Control*, US Department of Justice, 1999

¹⁴ Commonwealth of Australia, *Closing the Gap Prime Minister's Report 2014*, Canberra (2014).

the evolution of locally based and relevant solutions. Measurement and accountability are imperative to ensure that funding is directed to Aboriginal and Torres Strait Islander organisations and programs that have both a proven track record, and who are achieving positive results in their communities. Therefore, if Australia is to continue the progress it has made towards achieving equal life opportunities for Aboriginal and Torres Strait Islander people, we require a common, transparent and evidenced-based framework, such as the Closing the Gap framework, as well as ongoing investment and strong leadership from the Federal Government.

Recommendation 5: The Federal Government commits funding to working towards the Closing the Gap targets and begins a process for the inclusion of justice targets

Recommendation 6: Funding allocations, including cuts, are evidenced-based and the result of a transparent evaluative process. Funding is directed towards Aboriginal and Torres Strait Islander organisations with a proven track record of achieving positive results