

News release

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10am, Tuesday 28th September, 1999

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Indigenous Funding

New study demonstrates that advantages are minuscule compared with disadvantages

A new study released today by the policy research centre The Australia Institute shows that public spending on programs for indigenous people is not excessive, and the advantages they gain are minuscule compared with the disadvantages they suffer.

The study is the first comprehensive assessment of public spending on education, employment, health and housing services for indigenous Australians compared with non-indigenous Australians. It was commissioned in response to claims during the last election that Aborigines receive too many government hand-outs.

It has not been possible until now to refute or confirm these claims because no comprehensive analysis was available.

The study, *Public Expenditure on Services for Indigenous People*, was prepared for the Institute by Professor Max Neutze, Dr Will Sanders and Mr Giff Jones of the Australian National University, Canberra.

The authors are critical of the low level of assistance for indigenous housing, and observe that public expenditure on a per capita basis favours non-indigenous households by between 9 and 21 per cent.

The study says: "Considering the much greater housing needs of indigenous people, existing housing policies are inequitable and inadequate, and would justify increased resources."

In one of the report's most important conclusions, the authors find that while indigenous people benefit substantially more than other Australians from small, specific and highly visible programs intended just for them, they benefit substantially less from many bigger general programs. The study concludes: "A focus on specific programs for indigenous people alone provides a misleading picture of the distribution of public expenditure."

For example, Commonwealth health funding specifically for indigenous people only accounts for 11 per cent of total public expenditure on health services for indigenous people. The majority of such expenditure is made through state public hospitals. Commonwealth Medicare and the pharmaceutical benefits schemes also contribute to public expenditure on health services for indigenous people, but they use them much less than non-indigenous people.

When compared with non-indigenous low-income earners, public expenditure per capita is about the same.

“Indigenous people are disadvantaged in each of the four areas: they are less healthy, die younger, are less well educated, are more frequently out of work and have poorer housing,” say the authors.

“Overall, considering the multiple disadvantages from which they suffer, the level of public expenditure for indigenous people could scarcely be regarded as excessive.

“This is particularly true in housing. Their specific programs look modest beside the generous tax expenditures on owner occupiers.”

The Executive Director of The Australia Institute, Dr Clive Hamilton, said the issue of funding for indigenous programs was a significant and divisive issue in the March Federal election.

“One hopes that this study will set the record straight and that politicians in future will use its findings to create an improved understanding in the community and to counter ill-informed opinions expressed by those who thrive on division.”

The sectors

Education

Public expenditure in the 3-24 age group is 18 per cent higher per capita than for non-indigenous people. This difference is caused by the higher costs of delivering education services to remote areas and lower than average incomes leading to greater need.

The study says: “Equity considerations require that there be additional expenditure on those most disadvantaged educationally. An additional 18 per cent is a very modest contribution to reducing this disadvantage.”

Employment

Public expenditure is 48 per cent higher per unemployed indigenous person. Much of this difference is attributable to the high numbers of long-term unemployed and higher average costs of the general employment programs in which indigenous people participate. (Aboriginal and Torres Strait Islanders are four-and-a-half times more likely to be unemployed than non-indigenous Australians.)

Much of this expenditure is for the work-for-the-dole Community Development Employment Projects (CDEP), whose objectives include community development as well as jobs and support for the unemployed.

The authors conclude: "Given the acute differences in employment need, the degree of disadvantage, the size of the task to provide jobs for a rapidly expanding indigenous population and the multiple objectives of CDEP, the margin is not excessive."

Health

A 1995/96 study found that per capita public expenditure on health services for indigenous people was 52-55 per cent greater than for non-indigenous.

Poverty explains much of this difference, and when compared with non-indigenous people of the same income groups, the level of expenditure is about the same.

The study says: "Considering their much shorter life expectancy and much higher incidence of many diseases, allocation of public expenditure according to need would put more resources into health services for indigenous people."

Housing

Public assistance is through funding for public and community housing, rent assistance, and favourable tax treatment for owner-occupiers.

A much higher proportion of indigenous than non-indigenous households live in public and community housing. But non-indigenous families benefit most from the tax advantages for owner-occupation and receive more from rent assistance.

Overall, indigenous households receive between 8.5 per cent and 25 per cent more in housing benefits. But indigenous families are larger and, expressed on a per capita basis, non-indigenous families are advantaged by between 9 and 21 per cent.

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