

COMMONWEALTH OWN PURPOSE EXPENSES FOR INDIGENOUS PURPOSES ADMINISTERED BY PM&C – 2014-15 PAYMENTS

- 1 As a result of Machinery of Government changes in September 2013, many Indigenous programs administered by various departments were transferred to Prime Minister and Cabinet (PM&C). Because the transfer took place in the middle of the financial year 2013-14, PM&C was unable to provide 2013-14 data to the Commission on COPEs for Indigenous purposes in the 2015 Review. As a consequence, we used the average of payments made to States in 2011-12 and 2012-13 to estimate the missing data for 2013-14.

In the 2016 Update, we asked PM&C information on payments to States, local governments and non-government organisations for Indigenous purposes. PM&C sent us payment data summarised into its five broad programs under the Indigenous Advance Strategy and also the raw data from which the figures were generated. Descriptions of the five PM&C programs are given below.

Jobs, land and economy — This program aims to improve the vocational, workplace and entrepreneurial skills of Indigenous people to improve employment outcomes and support the development of Indigenous businesses. It also provides support for native title through the funding of Native Title representative bodies and service providers and capacity building of prescribed bodies corporate, who hold native title. It also includes demand-driven employment funding and the Remote Jobs and Community Program.

Children and schooling — This program supports activities that nurture and educate Indigenous children, youth and adults to improve pathways to prosperity and wellbeing. This includes improving family and parenting support, child care and early learning, school education, youth engagement and transition and higher education.

Safety and wellbeing — This program supports activities that will achieve outcomes such as, but not limited to: a reduction in harm from drug, alcohol and substance misuse, a reduction of offending, violence and victimisation in communities, improved health, social and emotional wellbeing.

Culture and capability — This program supports Indigenous people to maintain their culture and participate equally in the economic and social life of the nation and to ensure that Indigenous organisations are capable of delivering quality services to their clients.

Remote Australia Strategies — This program supports the provision of infrastructure, housing, telecommunications and home ownership in remote Indigenous communities, as well as the development of local and regional place-based approaches. It funds activities leading to one or more of the following

outcomes: increased home ownership, particularly on Indigenous owned land, improved Indigenous telecommunications activities to remote areas, discrete support for remote infrastructure, including renewable energy systems, and flexible, place-based agreements with Indigenous communities and regions to improve Indigenous school attendance and attainment, employment, community safety and other enabling services.

Analysis

- 2 The PM&C programs are very broad and have several elements in each of them. In order to consider whether the payments should impact on the relativities, we have analysed the raw data.
- 3 Based on the program descriptions, we consider the Jobs, land and economy program and the Culture and capability program should not impact the relativities because they are Commonwealth responsibilities and needs for these services are not assessed. For this reason, we have not analysed data for these programs.
- 4 For the other programs, we have gone through each transaction in the raw data file and made a judgment of what function each payment is for using the names of the recipients as a guide. Tables 1 and 2 show our findings for payments to State general government sector and non-government organisations respectively.

Payments to State general government sector for Indigenous purposes

- 5 Table 1 shows the total payments to the States in 2014-15 is \$64.4 million, with possibly impact payments amounted to \$49.3 million. Table 2 compares the 2014-15 possibly impact payments based on information provided by PM&C with 2011-12 and 2012-13 impact payments based on information provided by various departments. The 2011-12 and 2012-13 figures do not include payments for Indigenous education because we did not collect the information.
- 6 Table 2 shows the 2014-15 figures, which include payments for Indigenous education, are higher than the earlier years. Without payments for Indigenous education, the 2014-15 figures generally align with earlier years.
- 7 Staff propose, for the 2016 Update, use the 2011-12 to 2013-14 figures we used in the 2015 Review. For 2014-15, use figures from PM&C (other than those for education).
- 8 As for COPEs paid to States for Indigenous education, since we did not collect data for 2012-13 and 2013-14, there are two options:
 - include them in 2014-15 only (which means the payments only have one-third of impact on relativities), or
 - not include them until we have information for all the assessment years.

- 9 Staff consider the payments for Indigenous education should impact on relativities. Staff do not propose to backcast the 2014-15 payments to earlier years. Instead, staff propose to gradually phase-in these payments in our assessment by including only the 2014-15 payment in the 2016 Update.

Recommendations

Staff propose to recommend that the Commission, for the 2016 Update

- For the 2016 Update, for COPEs paid to State general government sector for Indigenous purposes
 - 2012-13 to 2013-14 – use the figures in the 2015 Review
 - 2014-15 – use the figures from PM&C, including payments for Indigenous education.
- In future updates, use the figures from PM&C, including payments for Indigenous education.

Table 1 COPEs paid to State GG sector(a) for Indigenous purposes, 2014-15

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust	Treatment
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	
Indigenous Advance Strategy										
Jobs, Land and Economy										
- Other expenses(b)	1.8	0.1	0.7	0.2	0.3	0.4	0	0.7	4.1	No impact
Children and Schooling										
- Schools education	5.4	0.5	8.2	2.5	2.4	0.2	0.1	6.6	26.0	Impact
- Post-secondary education	3.5	0	0	0	0	0	0	0	3.5	Impact
Safety and Wellbeing										
- Schools education	0.1	0	0	0	0	0	0	0	0.1	Impact
- Post-secondary education	0.1	0	0	0	0.1	0	0	0	0.2	Impact
- Health	0	0	0	0.2	1.4	0	0	3.6	5.2	Impact
- Housing	0	0	1.5	0	0	0	0	0	1.5	Impact
- Justice	0	0	0.2	0.3	0.9	0	0	6.2	7.6	Impact
- Other expenses	1.1	0.4	0	2.0	1.2	0.2	0.2	0	5.1	Impact
Culture and Capability										
- Other expenses(b)	0.1	0	0	0	0	0	0	0	0.2	No impact
Remote Australia Strategy(c)										
- Schools education	0.3	0	0	0	0	0	0	0	0.3	Impact
- Other expenses(d)	0	0	1.8	3.2	0.2	0	0	5.5	10.7	No impact
Total	12.3	1.0	12.4	8.4	6.4	0.8	0.3	22.7	64.4	
- Impact	10.4	1.0	9.9	5.0	5.9	0.4	0.3	16.4	49.3	
- No impact	1.9	0	2.5	3.4	0.5	0.4	0	6.3	15.1	

Source: Department of Prime Minister and Cabinet unit records, 2016 Update

- (a) State general government sector. Excludes State statutory corporations and other incorporated entities, also excludes payments for Stronger Future for the Northern Territory.
- (b) Commonwealth responsibilities – needs not assessed.
- (c) Excludes Remote Indigenous Housing.
- (d) Municipal and essential services – needs not assessed.

Table 2 COPEs to State GG sector for Indigenous purposes impacting on the relativities, 2011-12, 2012-13 and 2014-15

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2011-12	0.5	2.2	1.2	1.2	1.5	0	0	12.3	19.0
2012-13	0.1	0.2	0.8	3.1	0.8	0	0	13.3	18.3
2014-15	12.3	1.0	9.9	5.0	5.9	0.4	0.3	16.4	49.3
2014-15 excludes education	1.5	0.5	1.7	2.5	3.4	0.2	0.2	9.8	19.2

Source: 2011-12 and 2012-13 — data returns from various Commonwealth agencies. 2014-15 — data returns from PM&C. 2013-14 not included because the figures were estimated for that year.

Payments to State non-government organisations for Indigenous purposes

- 10 Table 3 shows the total payments to non-government organisations (NGOs) in 2014-15. These organisations include State statutory corporations and other incorporated entities, local governments, private organisations and individuals. The total amount is \$1 096 million and the total possibly impact payments is \$402 million.
- 11 The Commission said in the 2015 Review report¹ that

other Commonwealth activities, take in the forms of direct service provision, Commonwealth own-purpose expenses (COPEs) payments made direct to local governments for specific purpose, payments to PNFCs, third parties and individuals should be considered. If they impact on State budgets and needs are assessed, they should impact on the GST distribution.

Where COPEs can be identified and they are made to States in some instances and to third parties in others, but for the same purpose, and needs are assessed, we will recognise they have an impact on State budgets. Where we are unable to observe this, we will not be able to judge whether they impact on State budgets and they will not be brought in.
- 12 In the 2015 Review, PM&C told us it could not compile reliable data for payments to non-government organisations. No COPEs to non-government organisations² were assessed in that review.

¹ Commonwealth Grants Commission, 2015 Review report, Volume 2, page 44.

- 13 Although PM&C managed to give us some data on payments to non-government organisations for 2014-15, staff are not confident that, based on the recipients' names and research from their websites, we would be able to judge whether needs are assessed for the payment or not. For example, it is hard to judge the purpose of the payments to recipients like Trinity Petroleum Services Pty. Ltd. or Relationships Australia (Qld), and whether needs have been assessed for the services funded by the payment. In addition, we are unsure whether these payments to NOGs were made to the general government sector of some States. Also, going through the long list of recipients and trying to find their information from the web is a huge task.
- 14 Staff do not think there is enough information to judge whether the COPEs paid to non-government organisations should impact on the relativities.

Recommendations

Staff propose to recommend that the Commission,

- not to consider COPEs paid to State non-government organisations for Indigenous purposes because there is not enough information to judge whether they should impact on the relativities.

² Except payments to NGOs for Indigenous health that we collected from Department of Health and used for the calculation of a disability in Health assessment.

Table 3 COPEs paid to non-government organisations(a) for Indigenous purposes, 2014-15

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust	Treatment
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	
Indigenous Advance Strategy										
Jobs, Land and Economy										
- Other expenses(b)	64.1	9.8	117.1	138.6	31.7	1.5	0.5	138.2	501.5	No impact
Children and Schooling										
- Schools education	6.8	0.7	7.3	6.2	0.2	0.1	0	4.3	25.6	Impact
- Post-secondary	1.5	3.4	3.8	3.3	0.4	1.0	0	1.9	15.3	Impact
- Health	0.9	0.5	1.4	0.5	0.7	0	0	2.4	6.4	Impact
- Housing	0.2	0	0.1	0	0	0	0	0.4	0.7	Impact
- Welfare	17.4	8.4	13.0	22.7	5.6	1.3	0.3	33.1	101.9	Impact
- Other expenses	2.4	0	0.8	1.6	0.6	0	4.1	1.9	11.2	Impact
- Other expenses	33.3	12.1	30.3	9.7	8.0	2.0	0	19.4	114.9	No impact
Safety and Wellbeing										
- Schools education	0	0	0	0.1	0	0	0	0	0.1	Impact
- Post-secondary	0	0.7	1.4	0.6	0	0	0	0	2.8	Impact
- Health	12.4	1.7	12.8	7.9	5.9	0	0.8	9.5	51.0	Impact
- Housing	0	0	0.1	0	0	0	0	0	0.1	Impact
- Welfare	20.0	9.1	12.1	19.2	7.9	3.0	1.4	46.3	119.0	Impact
- Other expenses	1.0	3.1	0.8	0.6	0.6	0	0.3	0.1	6.5	Impact
- Other expenses	3.1	0.1	6.5	2.6	0.3	0.2	0.4	10.8	23.9	No impact
Culture and Capability										
- Other expenses(b)	2.0	1.1	5.0	4.6	0.8	0.1	28.1	11.2	52.9	No impact
Remote Australia Strategy(c)										
- Post-secondary	0	0	0	0.2	0	0	0	0	0.2	Impact
- Health	0.1	0	0	0	0	0	0	0.1	0.2	Impact
- Welfare	0	0	6.2	19.6	3.1	0.2	2.7	16.8	46.1	Impact
- Other expenses	0.3	0	0	0	0	0	0	1.5	1.8	Impact
Total	166.6	50.8	224.7	238.0	68.5	9.4	36.0	301.4	1095.5	
- Impact	64.1	27.7	65.9	82.5	27.7	5.6	7.0	121.7	402.3	
- No impact	102.5	23.0	158.8	155.6	40.9	3.7	29.0	179.7	693.2	

Source: Department of Prime Minister and Cabinet unit records, 2016 Update

(a) Includes State statutory corporations and other incorporated entities, local governments, private organisations and individuals. Excludes payments for Stronger Future for the Northern Territory.

(b) Commonwealth responsibilities – needs not assessed.

(c) Excludes Remote Indigenous Housing.