



**Inquiry into service delivery in remote
and discrete Aboriginal and Torres Strait
Islander communities**

SUBMISSION

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1 Executive Summary

Each year millions of dollars are allocated to provide services to Aboriginal and Torres Strait Island communities in Queensland and yet significant Indigenous disadvantage remains. Aboriginal and Torres Strait Islander remote communities remain in the top 30 most disadvantaged communities in Australia.

For too long the decision about service delivery has rested with government, more often than not, in isolation of any input from the communities into which these services are to be delivered. Often the first time a community hears that a new service has been funded is when a non-government organisation (NGO) knocks on a council's door seeking to rent office space.

Aboriginal and Torres Strait Islander local governments in Queensland have been raising the issue of service delivery for many years. They are concerned to see major structural changes in how services are funded and evaluated. They wish to ensure service delivery within their council area is co-ordinated, avoids duplication, is tailored to meet the varying needs of each community and maximises local economic participation and the percentage of each government dollar spent on the ground.

Councils have been trying to determine the level of government funding allocated to their communities with little or no success at either the state or commonwealth level. Last year, councils approached Treasurer Curtis Pitt to look into this matter with the objective of streamlining service provision in hope of reducing Indigenous disadvantage.

When moving forward towards a new service delivery model the LGAQ recommends that any new model for service delivery into remote Indigenous communities:

- Provides services that are based on identified needs and approved by each community;
- Maximises sustainable local employment and the use of local service providers;
- Maximises the percentage of each government dollar spent on the ground in communities;
- Is supported by a grants and subsidies framework that provides long-term funding certainty;
- Builds indexation into all recurrent funding programs to address cost price increases;
- Ensures that an administration fee is a standard component of grant funding;
- Ensures that any future grant funding for new infrastructure includes an annual provision for ongoing maintenance over the useful life of the asset;
- Ensures an open and transparent system for monitoring and evaluating progress.

Closing the Gap targets around Indigenous disadvantage are not being reached. A paradigm shift in the approach of governments to service delivery in remote Indigenous communities is required.

The LGAQ is calling on the State and Federal government to identify opportunities to utilise service delivery investment to leverage stronger outcomes in Indigenous education and employment, business engagement, and in meeting the COAG Closing the Gap targets.

The LGAQ commends the State Government for their commitment to the Inquiry into service delivery in remote and discrete Aboriginal and Torres Strait Islander communities.

2 Introduction

The Local Government Association of Queensland (LGAQ) is the peak body for local government in Queensland. It is a not-for-profit association set up solely to serve councils and their individual needs. The LGAQ has been advising; supporting; and representing local councils since 1896, allowing them to improve their operations and strengthen relationships with their communities. The LGAQ does this by connecting councils to people and places that count; supporting their drive to innovate and improve service delivery through smart services and sustainable solutions; and delivering them the means to achieve community, professional and political excellence.

The LGAQ welcomes the opportunity to provide input into the *Inquiry into service delivery in remote and discrete Aboriginal and Torres Strait Islander communities* (the Inquiry).

Since 2011, the LGAQ has convened an Indigenous Leaders Forum (ILF) twice per year that comprises the mayors, councillors and chief executive officers (CEOs) of the seventeen (17) discrete Aboriginal and Torres Strait Islander councils in Queensland. Service delivery invariably features as a key topic area for discussion at these forums.

On 20 April 2017, the LGAQ convened a special meeting of the Aboriginal and Torres Strait Islander councils to discuss the issue of service delivery in their communities. This submission captures the matters raised by these councils at that meeting and past forums.

3 Background and Scope

The Queensland Productivity Commission (QPC) has been asked to review and report on government investment in remote and discrete communities to identify what works well, and why, with a view to improving outcomes for Aboriginal and Torres Strait Islander peoples.

The terms of reference for the Inquiry has asked the QPC to identify how available resources can be best used to improve outcomes for communities. The QPC has been asked to investigate and report on five (5) key areas:

- The levels and patterns of government investment and how these change over time;
- The interactions between investments made by all levels of government, non-profit organisations and third-party service providers;
- The range of services delivery programs and whether there is duplication or a lack of coordination across programs;
- An evaluation of the design and delivery of existing Government services in improving outcomes for remote and discrete Indigenous communities;
- Best practice approaches for evaluating the effectiveness and efficiency of service delivery.

The aim is to provide recommendations to improve effectiveness and efficiency of Queensland Government investments and services in achieving social, cultural, economic, and environmental outcomes in remote and discrete Aboriginal and Torres Strait Islander communities.

4 Service Delivery

In May 2017, the LGAQ asked Aboriginal and Torres Strait Islander councils to provide advice on the number and type of services available within their respective communities. Councils were also asked if they, or their community, had been consulted on the need for the service prior to the service being funded. Councils were also asked to indicate if the service providers deliver any form of progress report to the council or community.

Accessing this information has been a challenge for councils given the timeframe of the Inquiry, limited resourcing, and unwillingness of service providers to provide timely information.

Mornington Shire Council has been working towards mapping the past six months of service provision within their community. This is an island community with a relatively small population of around 1,237 residents¹. Even with the assistance of a dedicated research assistant, the council has not yet been able to capture the full range of services being delivered nor the total amount of government funding allocated for service delivery to the island. **Attachment 8.1** provides a list of services identified to date.

There appears to be an inherent inability or unwillingness by State and Commonwealth government agencies to provide a breakdown on their investment into each remote Indigenous community in Queensland. If this breakdown can't be provided then, how can the effectiveness of government funded programs be measured. Often the first time remote communities are aware that a new service has been funded is when the service provider contacts council looking for an office to rent, or when the service provider places an advertisement for personnel in the local paper. This lack of engagement with the council/community at the front end of the funding allocation process creates the ideal setting in which duplication can, and does, occur. For example Mornington Shire Council has documented ten (10) separate organisations that have been funded to deliver the same four (4) programs.

Decisions made thousands of kilometres away in Brisbane or Canberra, without evidence or verification of community need, will always result in duplication and inefficiencies. A review² by the Australian Centre of Excellence in Local Government into Local Government service delivery to remote Indigenous communities backs up this view:

A recurring theme in every report or review on service delivery in remote Indigenous communities is the challenge involved in coordinating the efforts of the myriad parties involved in the complex domain. The problems of coordination between the various tiers of government and the agencies within each tier are a common concern, but the situation is complicated further when the non-government organisation (NGO) sector is factored in, including both Indigenous community organisations and non-Indigenous NGOs.

This type of decision-making, whilst uncoordinated, is also viewed as paternalistic and disempowering to Indigenous communities. Remote Indigenous communities have a heightened sensitivity to decisions taken on their behalf, given their long fight to move towards self-determination.

Further, Indigenous councils are concerned about the amount of 'leakage' that occurs between the time funding is allocated to the time the service is delivered in community. The aim of Indigenous councils is to maximise the percentage of each funded dollar that hits the ground in their communities. This requires a degree of transparency that does not exist at present across all government agencies.

4.1 Transparency and Accountability

Whilst service providers may have to acquit their funding to relevant government agencies, there appears to be little or no requirement for them to report program progress or outcomes to the council or community in which they are operating. Without any formal reporting requirements specified within Service Provider contracts, communities have no way of knowing what they are contracted to deliver or the effectiveness of the service provided. Accordingly there is a disconnect between what the service provider reports to government and what the community perceives on the ground. As important is the question around how the need for the service was determined, was

¹ Population Estimates by Local Government Area, Queensland Statisticians Office, June 2016

² Local Government Service Delivery to Remote Indigenous Communities, ACELG, May 2012

community involved, and was any consideration given to identifying if the service was already being provided by another agency.

Mornington Shire Council estimate that \$50 million of State and Commonwealth funding has been provided to service providers in the past four (4) years to deliver services to a population of 1,237. That is over \$40,400 per person. In discussion with council, State and Commonwealth agencies put this figure at anywhere between \$40-80 Million.

Mornington Shire Council has been seeking information for the past six (6) months from all service providers operating on the island. Council has identified over 100 programs being delivered by over 40 agencies with 4 similar programs being delivered by 10 or more agencies. For each service delivered, council is attempting to identify why the program is being delivered, what is it supposed to address, and whose idea was it in the first place.

Council asked the service providers to provide details as to why the programs or services they deliver were implemented in the first place (e.g. alignment with Commonwealth/State Government Policy or based on an assessment of need). Below is an extract showing the type of feedback received to Council's request:

- Question: Contact details of the person responsible for all the programs or services you deliver, the length of any contract or period of engagement and other relevant details for each program or service you deliver:
- Service Provider Response: *"Not sure why you require this information? This is not something we are required to share or discuss in any other community I would need to see a lot more detail behind your request before I approve such a resource intensive task..."*
- Question: The approved budget for each program or service delivered and the actual spend for each program or service either annually or for program or service approved period:
- Service Provider Response: *"As above. not sure why you feel you need or are entitled this information? We have very complex budgets spanning across several regions... going through these operations with yourself would be timely and non-value add"*
- Question: The Key Performance Indicators or Performance Measures for each program or service or in the absence of these how you assess the value of the program or services delivered:
- Service Provider Response: *"as above"*
- Question: Details of all program or services results or evaluations against Key Performance Indicators, Performance Measures or other means of evaluation for all programs or services delivered:
- Service Provider Response: *"as above"*

There are some key messages in these responses. The Service providers are not required to report to communities and are reluctant to do so – indeed they go further to question a council's need for and entitlement to, this base level information. The views expressed above are driven by their contractual obligations, with no sense of accountability to the community in which they are delivering the service.

Engagement and ownership of services within an Indigenous community is an important driver of service delivery success. Community input into the design and implementation of the service would better ensure that it is tailored to meet the needs of community members. Good engagement also requires the service provider to provide regular feedback about the effectiveness of the service.

Contractual compliance related KPIs, ticking boxes, or numbers of clients seen, do not guarantee that the services delivered in a community are accessible, effective, or efficient. Are communities being well serviced and getting value for money? The lack of transparency that currently exists makes this impossible to determine.

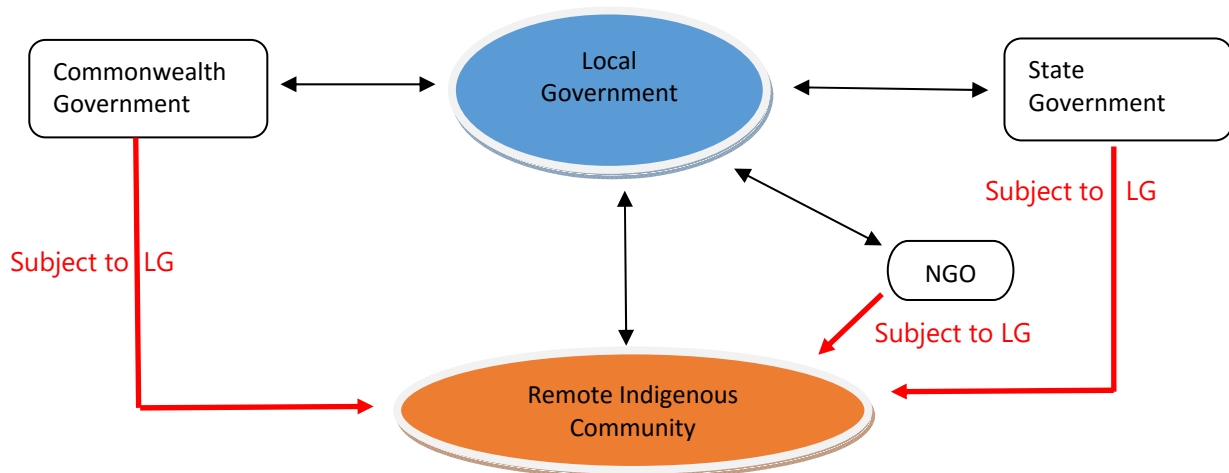
One truism remains. Millions of dollars are allocated each year and yet significant Indigenous disadvantage remains. Aboriginal and Torres Strait Islander remote communities remain in the top 30 most disadvantaged communities in Australia. See **Attachment 8.3**. Councils are querying the return on investment level from current service delivery within Indigenous communities. Doing the same thing repeatedly is not an option. There needs to be a paradigm shift in the thinking around service delivery. A shift from a top down approach to a bottom up approach. A shift to program design and decision-making that incorporates community ownership and leadership.

A lack of coordination can cause over and under servicing, duplicated efforts and an inability to prioritise funding towards a critical need. Services are almost exclusively developed and delivered within single agencies, with relatively few cross-agency service models. Community input on the design and implementation of services is rare and there is a “long tail” of small, short term programs and services that consume a substantial amount of funder and provider administrative effort for limited or no outcomes.³

Mornington Shire Council is proposing a community driven model, where any decision making about what services are needed and who is best placed to deliver them is made by the community. Under this model, Local Governments as the elected representatives of their communities, become a primary point of contact for all service delivery within their communities.

The CEO of Mornington Shire Council explains:

The model proposes that before State and Commonwealth government deliver any services within the community they must first consult with council. Council is not in a position to deliver all services, nor is it their charter, but they are well positioned to take on a co-ordination role ensuring that NGOs are funded only after discussion have been held between state and or commonwealth agencies and the Council and that programs are tailored to suit the specific requirements of the community or client group.



The CEO of Mornington Shire Council has reported some success with this concept, with some key government agencies already on side.

This may or may not be the model that suits all Indigenous councils due to their own capacity limitations. However, all indigenous councils are seeking a service delivery model that ensures services are:

- Co-ordinated, effective and efficient;

³ Resilient Families, Strong Communities – A roadmap for regional and remote Aboriginal communities, Government of Western Australia, July 2016

- Based around identified community need;
- Tailored to the needs of the local community and are client focused;
- Delivered in a culturally appropriate manner and are accessible to all members of the community;
- Focused on outcomes on the ground;
- Designed to maximise the employment of local Indigenous people.

Service delivery models need to take account of the impacts on employment and economic development in remote Indigenous communities, especially the scope for the delivery. Service delivery models need to be a vehicle for building local skills and businesses. Service delivery models, in remote Indigenous communities need to be delivered using a capacity building ethos.⁴ Service providers need to be accountable to the communities they serve not just to the funding body and should be required as part of their KPIs to engage and report progress to the community.

4.2 Equity and Accessibility

Effectiveness, efficiency, and equity are three (3) overarching dimensions for best practice service delivery. Equity is about how resources and services are distributed between individuals and communities. Equity address how well the service is aligned with the requirements of the community, including those with special needs or difficulties in accessing services. Equity is concerned with achieving outcomes and recognises that people face a wide range of challenges and meeting those needs may not be achieved by a one-size-fits-all response.

Assessing equity includes consideration of:

- whether funds are allocated to communities and individuals based on need;
- whether services are delivered in an impartial manner without making judgement of client needs in the absence of robust evidence; and
- whether there are sufficient feedback mechanisms to ensure that service delivery can respond to client needs and or to local perspectives on what determines whether the provision of service is equitable.

The CEO of Lockhart River Aboriginal Shire Council believes it is also about accessibility and raises the issue of a mental health counselling service where the three (3) practitioners fly in on a Monday and fly out on a Friday. Their office is located within public view near to the local store.

The CEO indicated:

To be effective mental health counsellors you need to mix with and get to understand the community...where the risks might lie ...you need to get out of the office and do the vital outreach needed for a vibrant health servicenot sit in an office and wait for community members to come to you.....people feel shamed and don't want to be seen entering the office.

He also raised the concept of "efficiency dividend", questioning the cost of Fly in Fly out counsellors (e.g. \$1,100 return airfare / person every week) and at what point in time does it become more efficient to fund a full time mental health counsellor living within the community.

Lockhart River Aboriginal Shire Council has experienced significant trauma, a suicide, rape, and domestic violence in recent months, and needs a commitment to "on the ground" service provision. Mental health issues do not just arise on Tuesday to Thursday of each week. This community has been traumatised and needs support.

⁴ Local Government Service Delivery to Remote Indigenous Communities, Review of Service Delivery Models and Approaches in various jurisdictions, Australian Centre of Excellence for Local Government, May 2012

The CEO says:

Indigenous communities are relationship driven, locals need to know and trust you. Building relationships takes time to establish. The emphasis needs to be on outreach and prevention ... in building community ownership of our health future.

The CEO of Napranum Aboriginal Shire Council also supports this position:

Napranum needs more community based programs, more outreach programs, and more notification in the community about what services are available and when – that is, some form of community service delivery calendar.

Accessibility is also about how comfortable an individual feels about seeking out the service. If they are confronted with metal grills or a consulting room with such thin walls that everyone in reception can hear their private health matters being discussed, then that acts as a disincentive.

Designing a service that is culturally appropriate requires a conscious effort on the part of all service providers to understand the impact that each aspect of the service has on individuals. This means engaging with the community to create a service that the community supports.

4.3 Impact of Legislative Changes

Service provision can be adversely affected by a change in legislation or government policy. An example of the unintended consequences of a legislation change is the introduction of Alcohol Management Plans (AMPs) imposed on Indigenous communities.

In 2002/03 the Queensland Government responded to high rates of alcohol-related harm in discrete Indigenous communities by implementing AMPs, designed to include alcohol supply reduction, harm reduction, and treatment measures. Tighter alcohol supply and carriage restrictions followed in 2008, following indications of reductions in violence and injury. Despite the plans being in place for over a decade, no comprehensive independent review has assessed to what level the identified aims have been achieved, and what effect the plans have had on Indigenous community residents and service providers.

The Indigenous Leaders Forum asked Professor Alan Clough from James Cook University to undertake a comprehensive study of the impact, both qualitative and quantitative, of the introduction of the AMPs on their communities. Below are extracts from one of Professor Clough's reports⁵.

4.3.1 Positive impacts

The most frequently occurring type of comment described quite abrupt reductions in levels of violence along with seemingly dramatic improvements in quality of life in communities. The overwhelming majority (74%) of records described positive changes when referring to the 'very remote' communities. Positive changes were attributed to both the 2002 and the 2008 rounds of restrictions.

⁵ Alcohol control policies in Indigenous communities: A qualitative study of the perceptions of their effectiveness among service providers, stakeholders and community leaders in Queensland (Australia), International Journal of Drug Policy, Alan R. Clough *, Stephen A. Margolis, Adrian Miller, Anthony Shakeshaft, Christopher M. Doran, Robyn McDermott, Rob Sanson-Fisher, Simon Towle, David Martin, Valmae Ypinazar, Jan A. Robertson, Michelle S. Fitts, Katrina Bird, Bronwyn Honorato, Caryn West: June 2016

I have to say, when the AMP first came in [2002], when it first bit, and we first started doing it, it seemed to work . . . And initially I think the AMP helped, it really was, I believe it was critical. Something had to be done (#229, M, not Indigenous, JL).

I feel the community lifestyle has improved – people are looking after themselves. People are more happy. People are more aware of the effects of alcohol. School attendance has improved. There's less family violence. The whole lifestyle has improved since the AMP (#179, F, Indigenous, LGc).

Violence in this community stopped a lot after the canteen shut down [2008]. Back when I was a kid there were fights, brawls, everywhere. I think now a lot of people realize that having a big fight over a little issue is not the way to deal with this (#273, F, Indigenous, EW).

4.3.2 Negative impacts

The most frequently occurring types of negative comments referred to illicit drinking and illicit supply of alcohol progressively intensifying in its impacts after restrictions were imposed. These kinds of comments occurred with similar frequency regarding the 'very remote' and the 'not remote' communities (60% and 40% respectively).

I was in [community name] when they closed the canteen [2008] . . . and for a short period of time after that, things settled down beautifully. There was virtually no violence, streets were very quiet. But that lasted about three weeks [until] the roads opened up . . . Instead of the canteen being open three hours a night and serving light beer for a limited three hours, suddenly they were bringing in [brands of spirits and fortified wine] and all sorts of things. So the level of alcohol increased by an immense amount. . . . (#171, M, not Indigenous, H).

People are still doing what they did before the AMP came – still drinking the same way. You can't say to someone with an alcohol addiction, you can't drink anymore. . . The AMP is not working because the grog is still coming in – wine and spirits which isn't allowed. The police haven't got time to pull every single car up (#251, F, Indigenous, LGc).

4.3.3 Mixed views of impacts

Again these kinds of comments referred to comparatively short-lived favourable impacts and with similar frequency regarding the 'very remote' and 'not remote' communities (57% and 43% respectively).

It has (AMP) been effective to some, but not others. Simply because, I see a lot of people getting court fines for simply one can (beer), and some of these people have lost jobs. But then it is good for those who have got real bad alcohol problems, and have an issue with sending their kids to school. Yeah that's it, AMP works for some but not for others (#177, F, Indigenous, EW).

Professor Clough goes on to list the principle issues of concern in regard to the AMPs raised by Indigenous communities as follows.

4.3.4 Illegal drinking

The most frequently occurring type of comment reinforced the serious impacts of ongoing access to stronger types of alcohol and the frustration that police lack the resources to control it. These kinds of comments referred overwhelmingly to the 'very remote' communities (85%).

Sly-grogging is in communities, charging \$200–300 for a 700 ml bottle of rum and with that comes 3 litre [soft drink brand] and they are charged at about \$10. Then the maths you looking at: \$220 a pop, then you've got to think about the impact of that on the families to the children; impact on food; not to mention the violence that will escalate from the alcohol behaviours (#158, M, Indigenous, NG).

Well we don't want any grog in town but the people still going into [regional centre]. Police wait out on the road, but community people know; they smarter than the police. They always bring it back in at 5am in the morning [when there is a shift change at the police station] (#349, F, Indigenous, NG).

4.3.5 Migration from affected communities

These comments reflect concerns for long-term impacts with community residents leaving the communities to live in regional towns together with the short-term effects of people moving frequently to and from towns that are close by. These kinds of comments tended to more often refer to the 'very remote' communities (64%) than 'not remote' (36%).

On the face of it, it seemed like a pretty good thing. We didn't realise the implications that were going to come. There was the population shift of the drinkers. We didn't think it would happen to the extent that it has (#159, M, not Indigenous, JL).

I shifted into [regional centre] because I couldn't drink what I wanted to (#231, M, Indigenous, LGc).

It has taken it from the communities to the towns, it has caused a lot of accidents on the road because people driving, drink driving, doing grog runs, overcrowding in the flats (#142, M, remote, not Indigenous, NG).

4.3.6 Criminalisation

These comments reflect concerns for a range of unexpected impacts of fines, penalties and convictions for breaching restrictions. These kinds of comments were made more often with reference to the 'very remote' communities (76%) compared with 'not remote' communities nearer regional centres (24%).

Honest people have been made criminals. That's the biggest thing. People who had no criminal history. Now [Government register of fines] is chasing them for fines. How are they supposed to pay? People getting pulled over – I don't drink, it's harassment (#226, F, Indigenous, H).

I got a son for example. At the moment he's been caught with alcohol in the community, spirits and stuff. Been to court, now it's hard for him to get work 'cause he's got that record... He's only a young fella, he's only in his mid-20s. And he's got a family. And I know he's been trying really hard, applying for work everywhere. I'm pretty sure it's that. It's that thing on his record to say that he's been charged with an alcohol offence (#234, M, Indigenous, EW).

4.3.7 Illicit drugs

These comments reflect concerns that cannabis was substituted for alcohol where alcohol became restricted. They also reflect contemporary concerns for a rise in the use of other illicit drugs but with less conviction that new drugs were being substituted for alcohol. These kinds of comments were

made more often with reference to the 'very remote' communities (81%) compared with 'not remote' (19%).

My perception is that gunja did and has replaced grog use as an alternative escape from boredom. . . from personal trauma, it's an escape from hopelessness. It's an escape from all of those things . . . With that use, . . . ages are probably up to their 40's, some older people you see occasionally stoned. . . with that and then with either home brew grog, which is toxic often, or with sly grog, which is often in the form of high alcohol spirits and things that are expensive but with a big kick . . . you have a greater level of movement toward chaos, a greater propensity for uncertainty . . . (#148, M, not Indigenous, H).

4.3.8 Changes in drinking behaviour

The most frequently occurring type of comments were about the increased urgency for drinking and about clandestine drinking, both linked with increased exposure of young people to alcohol. Participants' comments concentrated on the 'very remote' communities (83%).

I think violence is elevated – binge drinking now and it is hard stuff. People drink it quick before the policeman comes and takes it from you (#253, M, Indigenous, PE).

It's made them sneakier, forcing people to binge drink rather than drink sociably (#210, F, Indigenous, LGc).

There is urgency to get it into you as fast as you can. You will see people in carparks in [regional centre] sculling straight rum because they can't take it back into the community. Then go back to the community on the road drunk – speed and have accidents (#261, F, not Indigenous, H).

4.3.9 Discrimination

Participants tended to make no comment about their own experiences but reflected on the moral implications of restrictions targeting groups of people in specific localities on a backdrop of perceived failure to control alcohol availability and misuse. Comments of this sort referred as often to the 'very remote' communities (56%) as 'not remote' (44%).

They're trying to strip us of our rights. It brings back the feelings of the past, like my grandmother told me, when you used to have to ask permission to go to [regional centre] (#200, F, Indigenous, LGc).

And to me I think it's totally discriminatory, it doesn't matter whether you are black, white or brindle, if you were on an Aboriginal community you were discriminated against (#021, M, not Indigenous, LGc).

I worked with a lot of Indigenous people that lived down there. I then go to the supermarket afterwards and I know that that person lives in [community name] and all of a sudden they're buying a six pack, and I'm buying a six pack and I'm going 'they're being a criminal, they're breaking the law', they can't finish work and go home and have a six pack 10k down the road when I can, so it's that inequality I don't like (#015, M, not Indigenous, H).

In a report to the Indigenous Leaders Forum in June 2014⁶, Professor Clough outlined the extent of the impact of the AMPs on the criminalisation of remote Indigenous communities. He indicated, as at

⁶ Minutes – Indigenous Leaders Forum, LGAQ, June 2014

June 30, 2012, there were 4,811 people with a conviction out of a population of 9,800. In other words, approximately 50% of the Indigenous population in these communities now have a criminal conviction.

In May 2015⁷, Professor Clough indicated the strongest comments made across Indigenous communities was that

AMPs are creating criminals...The court system is now crowded with minor offences related to AMPs. Increased police/court resources taken up by dealing with AMPs offences and would be better deployed elsewhere.

The introduction of the AMPs saw a diversion of police resources from preventative policing toward AMP enforcement, resulting in a serious deterioration of the relationship between the police and Indigenous communities. To the credit of Queensland Police Service, the Police Commissioner has introduced a range of key strategies to improve relationships with communities including, an annual Police Summit with Mayors of remote Indigenous communities, an Indigenous Police Cadet pilot program, an operational review of policing in communities and mandatory cultural awareness training for all police working in Indigenous communities. The constitution of the Police Citizens Youth Club has been revised to include a representative from remote Indigenous communities to ensure that funding is made available to support diversionary activities for Indigenous youth.

The AMPs were introduced without Indigenous community consultation and have led to a range of unintended consequences across Indigenous communities in Queensland, including a shift away from preventative policing to AMP enforcement.

The State Government, in 2013, promised a review of AMPs and several end dates have come and gone. The review is still ongoing.

4.4 Cross Agency Collaboration

In 2012, the Indigenous Leaders Forum identified the need to build capacity across their workforce to ensure that they could meet their obligations as a local government authority in terms of service delivery and compliance requirements. Prior to 2012, the State Government Vocational Education and Training model was to provide funding directly to Registered Training Organisations (RTOs). This resulted in poor completion rates across remote Indigenous communities (less than 15%) and poor-quality training and employment outcomes.

The State Government approached the LGAQ to run a pilot program (\$1.8M) to see whether a model could be developed that would result in better outcomes for Indigenous communities and for the State.

The aim of the project was to:

- Establish an industry led process responsive to the needs of each Council;
- Establish an Industry driven, fully contestable model;
- Identify Council workforce capacity and capability issues/needs – current and future;
- Facilitate a collaborative cross government agency approach to addressing workforce development requirements;
- Ensure closer alignment between workforce development initiatives and council objectives;
- Identify and address any impediments to training;
- Manage and deliver culturally appropriate, jobs focused training.

Under the model developed:

- Councils identified their own training needs;

⁷ Minutes – Indigenous Leaders Forum, LGAQ May 2015

- Councils nominated only staff who were committed to undertaking the training;
- Participants were supported and encouraged;
- Mentors (either within the council or technical mentors from other councils) were provided where necessary;
- Care was taken in selection of Registered Training Organisations (RTOs). RTOs were carefully briefed before contracts were allocated so they understood the overall objective of this project;
- RTOs with experience in delivering to Indigenous participants and within communities were identified;
- Training was delivered 'On Country', and was practical and outdoors using tools and equipment familiar to the participants;
- If training was Off Site a team leader was nominated to ensure attendance.

Several factors influenced Councils choice of training. Councils were motivated to ensure that their employees:

- Had requisite skill levels to comply with government agencies contracts (e.g. Environmental Health Workers, Animal Management Workers);
- Held current Licences / tickets requirements (e.g. Plant Operators, Traffic Controllers);
- Were formally trained in the technical aspects of their work;
- Met relevant national certification requirements (e.g. water operators);
- Skill level was in line with any Legislative requirements (e.g. Early Child Care Workers, Aged Care Workers).

The pilot program was funded under the State Government's Strategic Investment Fund (SIF) and began in 2012. It achieved an 86% completion rate as shown in the table below, exceeding all expectations.

KEY PERFORMANCE INDICATORS:

KPI	Contracted Target	Actual Delivered
Number of Students enrolled	200	961
Completion Rate	50%	86.6%
Annual Hours Curriculum delivered	71,110	96,308

A second program (\$3 Million) was established in 2015, under a joint arrangement between the Department of Education and Training (DET), the Department of Aboriginal and Torres Strait Islander Partnerships, and the LGAQ.

As at May 2017, using the same methodology as outlined above, this program is achieving a 99% completion rate.

Underpinning both programs was a cross agency collaboration including:

- Department of Education and Training (DETE);
- Department of Aboriginal and Torres Strait Islander Partnerships (DATSIP);
- Department of Infrastructure Local Government and Planning (DILGP);
- Department of Energy and Water Supply (DEWS);
- Department of Justice and Attorney General – (Workplace Health and Safety); and
- Department of Health.

This program is an example of what can be achieved when all parties work collaboratively to lift the capacity of the workforce within remote Indigenous communities, and where locals on the ground in each community are at the heart of the decision-making process.

4.5 Gaps in Service Delivery

Lockhart River Aboriginal Shire Council has identified a gap in the existing scope of service delivery in their community. At present, there is no “shop front” to provide mediation support when families are in dispute. Council is seeking a mediation service which includes a balance between cultural knowledge and technical mediation skills.

Torres Shire Council indicated that, whilst there is effective delivery of acute care hospital services on Thursday Island, there remains a huge gap in the management and monitoring of chronic disease patients given the inadequate patient to staff ratio. The CEO says:

The current health system does not effectively provide follow up mechanisms to better assist health professionals to monitor chronic disease patients and use as a preventative mechanism. There is limited focus or emphasis placed on the delivery of primary health care programs targeting prevention.

Health care services need to be more tailored to the specific needs of each Indigenous community. Councils should not be forced to purchase health equipment like dialysis machines to meet community demand. At present, terminally ill people have to travel to Cairns for palliative care. Indigenous councils are also calling for palliative care to be provided in community, so that terminally ill people can die on country, surrounded by family. There is ample anecdotal evidence of local people choosing to remain on country and die, in pain and great discomfort without the level of palliative care required by people with their health concerns rather than travel to an alternative centre.

4.6 Telecommunications – Digital Technology

Queensland councils want to build more digital technology into their operations and services to improve efficiencies and reduce costs. However many council plans to incorporate digital innovation are being hampered by lack of money, time, skills, confidence and reliable communications infrastructure.⁸ The LGAQ conducted a *Digital Productivity Survey* and results show that councils want to connect and collaborate with their communities in new ways and to be more productive. But it also shows councils need additional measures to ensure they can achieve these goals. It highlights the need for state-wide communications infrastructure and the need for increased investment.

The Survey found:

The need for telecommunication infrastructure is crucial to ensure towns have the core optic fibre backbones that will deliver exchange-based services and improved mobile phone networks.

This is particularly important in Cape York, the Gulf, South-West Queensland and other parts of the state where there are network capacity issues.

It is recognised that Telstra needs to operate commercially, and these are challenging because of the long distances and small populations.

Most of the future operations of councils will be underpinned by reliable communications and telecommunications infrastructure. It enables mobility solutions, access to cheaper infrastructure and the growing possibilities of the Internet of Things. Almost three-quarters of Queensland’s councils expect to conduct between 40 and 100 per cent of their transactions online in five years, while 69 per cent view technology as a driver of increased productivity.

⁸ Digital Productivity Survey Report, LGAQ, 2015

But there are barriers - 75% of councils surveyed thought that internet coverage and internet speed were barriers to digital business and service delivery. Indigenous councils have consistently raised concerns about the level of internet coverage available within their communities.

The LGAQ and Telstra are working with individual Indigenous councils to upgrade core infrastructure to provide a better telecommunications platform for service delivery and social inclusion within Indigenous communities. Some examples are:

- Aurukun - Fibre Optic project;
- Torres Strait Island Regional Council - to improve mobile coverage and mobile data speeds in the Torres Strait region;
- Doomadgee/Burke – Fibre Optic project.

Whilst much work has been undertaken to improve band width and speed, there are still communities whose issues are yet to be resolved, for instance: black spots (Yarrabah Aboriginal Shire Council), service outages (Wujal Wujal Aboriginal Shire Council) or band width issues (Hope Vale Aboriginal Shire Council and Lockhart River Aboriginal Council).

In remote communities the impact of these connectivity issues is magnified. They result in outages to the banking, the post office or the local shop – sometimes for days at a time. Some remote Indigenous councils who can't rely on the roll out of the NBN are forced to invest their own funding into core telecommunications infrastructure: Yarrabah Aboriginal Shire Council \$60,000 to upgrade their exchange; Hope Vale Aboriginal Shire Council \$40,000 for a feasibility study for a fibre optic project.

More work needs to be done to ensure all Indigenous communities have access to reliable mobile communications and mobile data services.

4.7 Remote Jobs and Communities Program

The Program Guidelines for the Remote Jobs and Communities Programme (RJCP) state:

The Remote Jobs and Communities Programme (RJCP) is part of the Australian Government's commitment to the Closing the Gap strategy agreed in 2008 by the Council of Australian Governments, and is consistent with the Indigenous Economic Development Strategy 2011-18. The programme builds on the strengths of existing employment and participation and community programmes, while providing a more flexible and responsive service to better meet the needs of people living in remote Australia. It will provide a single point of contact for job seekers and employers in every RJCP remote region, and will have a greater focus on adapting activities to local requirements and opportunities.

Service providers are responsible and accountable for:

- *providing quality services which are effective, efficient, and appropriately targeted;*
- *ensuring Indigenous Australians have equal and equitable access to services;*
- *working collaboratively to deliver the Programme;*
- *contributing to the overall development and improvement of the Programme such as sharing best practice;*
- *complying with all relevant legislation;*
- *meeting the obligations and accountabilities as stated in the Funding Agreement between the Australian Government and the service provider; and*
- *conducting the service consistent with any Code of Conduct that may apply within the Programme.*

At the Indigenous Leaders Forum (ILF) in June 2016, Indigenous councils raised their concerns about the failure of this program. They are clear that the model is flawed and service providers are being driven by incentives, not by outcomes on the ground in communities. They called on the Federal government to:

- Review the current RJCP providers (or their successors or other like providers) in Indigenous communities and conclude contracts with those providers who are failing to provide the services to the standards expected by the community as determined by the council.
- Commit to not entering into any new contracts with job service providers within Indigenous communities without appropriate consultation, if not approval, of the respective local government. Moreover, that appropriate clauses be inserted into all future job service provider contracts, requiring job service providers to consult with council in regard to service delivery performance.

Senator Scullion acknowledged that his government inherited this program and that it needed to be overhauled. The RJCP is not delivering acceptable outcomes in Indigenous communities. Service contracts are in place till 2018 and must be honoured by this current government. This means that the funding allocated to this critical job service program will continue to be applied with little actual benefit to Indigenous communities.

4.8 Water and Sewerage Services

Water and sewerage infrastructure and services underpin modern life. Where other infrastructure can endure temporary disruptions or alternate arrangements can be used, for many regional and remote communities, particularly Indigenous communities, there is only one water and/or sewerage system that must operate at all times. In some areas, namely the Torres Strait Islands, water services cannot be provided 24 hours a day, and the systems are operated during known periods throughout the day.

All Aboriginal and Torres Strait Islander councils are registered water and sewage service providers under Queensland's Water Supply (Safety and Reliability) Act 2008. The Act requires water providers to describe their management and operations through Drinking Water Quality Management Plans. The Department of Energy and Water Supply, as the water regulator, has received and approved plans for every water provider in Queensland. Furthermore, water providers must report incidents that have the potential to affect the ability to deliver clean and safe water. According to the Department there were 148 drinking water quality incidents in 2016, which were reported from providers across the Queensland for both Indigenous and non-Indigenous communities.

Notwithstanding the broad challenges across the water and sewerage industry, Indigenous communities face additional challenges in providing urban water services. Historically there have been a very low or non-existent mechanisms by which to raise revenue from utility charges for the use of water and sewerage services. Consequently, this infrastructure has been funded almost entirely by the Queensland or Federal governments. Many of the infrastructure solutions have been developed by external consultants or contractors that design industry standard solutions that are not necessarily fit-for-purpose for the community. Key to this challenge is the limited pool of staff available to operate the systems.

In addition, the standards for water quality have increased substantially in the last 20 years. For example, the Australian Drinking Water Quality Guidelines published in 1996 had only 108 water quality characteristics, but currently has 351. The imminent implementation of health based targets, standards that will require various levels of treatment technology based on microbiological risk, will place additional pressures to provide even higher quality water. As water quality standards increase the operations and practices that were appropriate years ago become obsolete and insufficient.

The transition towards higher standards, without appropriate financial and training support poses a challenge for Indigenous councils. The inclusion of Indigenous councils in forums where management decisions about water and sewerage services are made is important to ensure they are adequately supported to provide a sustainable water and sewerage service to their communities.

4.9 Classification of Communities

Yarrabah Aboriginal Shire Council and Cherbourg Aboriginal Shire Council and Torres Shire Council are three discrete Indigenous communities that are not included in some Commonwealth funded programs, like the National Partnership Arrangement for Remote Indigenous Housing (NPARIH).

For Yarrabah and Cherbourg, this is because they are not categorised as 'remote' communities due to their proximity to services, that is, these communities have been classed as "outer regional" rather than "remote", despite the high level of disadvantage evident.

Torres Shire is not classed as an indigenous council due to an historical decision based on land tenure issues, yet is just as remote and disadvantaged as other indigenous communities.

The Accessibility / Remoteness Index of Australia (ARIA) was chosen by the Commonwealth Government as the common indicator of need for all Australian communities and is based on distance from service centres. Remoteness according to the ABS is an imperfect indicator and was not intended to be a "stand alone" indicator of advantage or disadvantage.

The Australian Institute of Health and Welfare (AIHW) argues that remoteness may not be the only issue affecting the health and other social aspects of a community. For example, "localities where a large proportion of the population is Indigenous, or where health outcomes are worse, could arguably require higher levels of funding than other remote localities" (AIHW, 2004).

A more accurate and appropriate measure is the Socio-Economic Indexes for Areas (SEIFA), a product developed by the ABS that ranks areas in Australia according to relative socio-economic advantage and disadvantage.

Yarrabah Aboriginal Shire Council, Cherbourg Aboriginal Shire Council and Torres Shire Council consistently rank towards or at the bottom of the SEIFA index as "most disadvantaged" communities in Australia. Please refer to Attachment 8.3 for additional detail.

All three councils face similar issues as other Aboriginal and Torres Strait Islander communities classed under ARIA as remote. An inequitable measure (ARIA) for Commonwealth Government funding and policy decisions has been applied to Yarrabah, Cherbourg and Torres communities. ARIA fails to pick up the unique and acute aspects of disadvantage faced by these three discrete Indigenous communities.

4.10 Impact of Government Footprint in Torres Shire Council

Torres Shire Council faces a range of unique circumstances compared to other Indigenous communities. Approximately 37 State and Federal Government agencies are housed on Thursday Island and, under the rating scheme, are not required to pay council rates, placing a burden on council for the delivery of core services. Torres Shire Council is classed as a non-Indigenous council and does not receive the same level of subsidies as other Indigenous Councils – a shortfall of around \$2.5-\$3 Million per annum. Council credits that these two factors alone have the potential to lead to the council being placed into administration within the next four years.

Housing affordability is beyond the reach of locals due to the inflated costs created by the demand for government staff accommodation. The cost to buy an average home starts at over \$500,000 and

rental costs are up to \$1,200/week. Lack of affordable housing has over the past five years resulted in the forced re-location of locals to Cairns. This displacement comes at a cost to the community and social structures.

Government should seriously investigate and weigh up the costs of the fly-in-fly-out workforce, who require housing accommodation for their working days on the island, and the impact that it is having on the local community. Council argues that more effort needs to be directed towards upskilling and employing locals to perform these essential tasks..

5 Governance

5.1 Partnerships in Government

Closing the Gap on Indigenous disadvantage requires a paradigm shift in the approach of government to service delivery in remote Indigenous communities.

It requires:

- mutual respect and cooperation to underpin the relationship between all tiers of government and between government and Indigenous communities;
- agreement on the principles of empowerment and of subsidiarity which holds that decisions should always be taken at the lowest possible level or closest to where they will have their effect, for example in a local area rather than for a whole country;
- an emphasis on collaborative partnerships and a commitment to timely and open communication; and
- placing Indigenous communities at the centre of all decision making in relation to the services needed and who is best placed to deliver them.

In 2012, the LGAQ entered into Partners in Government Agreement with the Queensland Government.⁹ A similar approach could be formalised in a Partnership Agreement embodying and extending the concept of the LGAQ Partnership in Government model to guide service delivery provision across Indigenous communities in Queensland. For too long Indigenous communities have been told what is best for them. This disempowers and alienates communities. It is not the basis for a mutually respectful relationship.

At the 2017 Indigenous Cabinet meeting held in Cairns, agreement was reached for the development of a Memorandum of Understanding to define the parameters of a partnership arrangement between the State Government and Indigenous councils along the lines of the 2015 LGAQ Partners in Government Agreement.

5.2 Systems and Processes

Underpinning these principles there is a need for systems and processes, checks and balances, that ensure all program funding allocated by a government agency is fully utilised and that the percentage of each government dollar hitting the ground in community is maximised.

There have been two examples in recent times which point to systemic governance issues within state government departments. In both cases the result has been a loss of millions of dollars of allocated funding to Indigenous communities.

In the first example, there was no overarching control on the amount of funding allocated to an individual Indigenous councils – allocations were at the discretion of an individual with relationships

⁹ Partners in Government Agreement, An agreement for the partnership and the relationship between the State Government and Local Government in Queensland, July 2012

with some but not all Indigenous councils. There was no system in place that ensured equity in allocation or transparency in terms of funding guidelines and amounts allocated.

In the second example, a State Government agency received federal funding for the construction and refurbishment of housing within Indigenous communities. With only 190 houses delivered and under pressure to deliver 1,441 houses by June 30, 2013 deadline, the state department tried to fast track the roll out of 400 kit homes. Whilst some councils took up the option of kit homes most rejected them as not fit for the environment or for social reasons. Somewhere around \$200-300 million for housing was lost to Indigenous communities because the state did not meet its contractual obligations with the commonwealth government.

There needs to be better oversight of program delivery in Queensland to ensure that there is no capacity in future for such a system failure. In both cases the relevant agencies are making moves to address this matter.

The Indigenous Leaders Forum called on the Department of Public Works and Housing for any future housing program to include:

- Better governance arrangements to avoid unnecessary and debilitating delays in the system – the LGAQ suggested the establishment of an Oversight Committee, including representatives of discrete Aboriginal and Torres Strait islander communities, to oversee the implementation of the program;
- An open and transparent system for monitoring and evaluating progress through real time data; and
- Recognition and acknowledgement of the impact of the wet season and other climatic and geographical conditions when issuing contracts.

The Department of Public Works and Housing (DPWH) in April 2017 committed to reducing the lead time around tendering from 44 to 28 weeks and to the provision of real time data. It also agreed to:

- strengthening governance arrangement for all phases of the current program delivery to ensure councils are actively involved through a process of co-design , local planning and collaboration; and
- to partner with councils in the delivery of the current agreement and in advance of any future agreement. DPWH is committed to ensuring greater transparency and accountability through improved governance arrangements

In 2016 there was a shift in focus for the Housing program to embrace Indigenous employment and local business engagement as program outcomes. This change set up a tension between the state government's need to deliver a specific number of houses within a defined period of time and the requirement to maximise the number of locals employed and in training. Indigenous Councils clear preference was to extend contracted timelines slightly in order for local apprentices to complete their trade qualifications.

From a governance perspective the issue was twofold. The first centres on the way KPIs were originally designed at the Commonwealth level without thought to local climatic or geographic conditions and the second centres on delays within the state system to call for and to allocate tenders. Both factors combined resulted in a loss of millions of housing dollars to indigenous communities.

5.3 Different Ways of Looking at Service Delivery

In recent years, elected leaders within Indigenous councils have become more vocal about taking greater responsibility for the future of their communities. They are clear that "it is up to us" and "it is our responsibility" to create a better future for our children.

Indigenous councils have consistently placed emphasis on the need to increase the amount of preventative services delivered in communities. They have asked for this particularly in regard to health services, education, and for the justice system.

5.3.1 Justice Re-Investment (JR)

The Justice Re-Investment Model takes this concept of prevention a step further and is an example of what is possible if the funding spent on Indigenous incarceration was redeployed in a wholistic manner to grow healthy and vibrant communities.

Indigenous Australians are dramatically over-represented in the criminal justice system, in each state and territory. While Indigenous people represent only 3% of Australia's total population, they make up more than 27% of our prison population and 55% of the youth detention population. In Queensland they make up 32% of our prison population. Indigenous incarceration is costing the Australian economy \$7.9 billion per year and this cost is rising. Closing the Gap between Indigenous and non-Indigenous incarceration would generate savings to the economy of \$18.9 billion per year by 2040.¹⁰

According to the Justice Re-Investment model government pouring money into locking up young Indigenous offenders in jails outside of their community is a waste of money. It proposes that this money is instead spent inside the community where offenders live, to reduce the number of people going to prison in the first place. People offend because of problems such as, not having enough money or a job, families not taking good care of each other, boredom and drugs. Sending someone to prison does not fix these problems. It proposes bringing all parties together (government agencies, community members, service providers) to share their ideas and to develop a plan to address the reasons behind why people offend. The link (<https://youtu.be/VNII9IW2468>) outlines the JR model in more detail.

The idea then is that the community trial some of the strategies within the plan and to monitor the number of people it keeps out of jail and how much money it has saved government. JR estimates that if one young person stays in the community for one year instead of being locked up, the government will save close to \$500,000. Justice Re-Investment suggests that these savings can be redirected into communities to implement more of the strategies outlined in their plan. This concept aims to keep young Indigenous people out of prison by giving communities the resources they need to find local solutions to local problems, making communities stronger and safer.

The *Indigenous Incarceration: Unlocking the Facts (The Report)* report supports the Justice Re-Investment model. It states that:

Tackling economic and social disadvantage, increasing income equality and improving access to high-quality health, education, employment and housing can directly influence rates of offending.

Although there are factors within the justice system that, if addressed, could help close the gap on Indigenous and non-Indigenous rates of incarceration, addressing the key drivers that lead to offending and contact with the justice system in the first place has the greatest potential for impact in the longer term.

The Report calls for system-wide reform to address the drivers of over-representation of Indigenous people in prisons. Whole-of-System solutions are required across a range of traditional government policy and portfolio areas, including education, health, human services, welfare and justice. It also calls for accountability for achievement of outcomes consistent with the Closing the Gap targets.

¹⁰ Indigenous Incarceration: Unlock the Facts, PWC, May 2017

A Whole-of-Community planning framework that incorporates local solutions for local problems, has to be a step in the right direction towards more effective and efficient service delivery in remote Indigenous communities.

5.4 Economic Participation

For services to be effective government must partner with Indigenous communities, recognise their unique history, and social organisation in the design of policies and services. Better outcomes will be achieved through genuine engagement and collaboration. Reform will only be effective if it works with, and for, Indigenous communities. Government funded services need to be redesigned to meet the differing needs of communities. Services need to help people more forward, not stay stuck.¹¹

Despite increasing levels of investment, and more services being funded by government agencies disadvantage is still high. Governments have had limited success in addressing the causes of disadvantage. The result has been an array of un-coordinated services which are expensive and difficult to deliver in remote communities but do little to support individuals or family success.

The design and delivery of services in combination with government policy setting have often disempowered and disengaged Indigenous families and communities and reduced incentives for individuals to take up school, training and job opportunities.

Employment is a key driver of wellbeing – it enables individuals and families to control their own destinies independent of government. Jobs and business opportunities provide an incentive to individuals to stay healthy, complete school, engage in training, find work, maintain a functional household, and then enable the next generation to begin the process anew.

Increasing training and job opportunities can be achieved now through the re-design of government policy and service delivery guidelines. Whole-of-Government policies and practices can be strengthened to boost Indigenous employment outcomes.

The National Partnership Agreement on Remote Indigenous Housing (NPARIH) is a working example of the Whole-of-Government working together with Indigenous Councils to maximise economic participation within Indigenous communities whilst meeting program KPIs around the number of new houses built and refurbishments completed.

In 2016 the Commonwealth government shifted to an outcomes-based funding model, focusing on both improved property and tenancy management and Indigenous employment and business engagement. Through a Queensland Whole-of-Government approach, there are now systems in place to maximise employment and economic participation of local Aboriginal and Torres Strait Islanders.

Under this program, most councils have built capacity and capability over the past 5 years to become Principle Contractors, maximising the amount of government funding that stays within Indigenous communities through the employment of local building crews and through the use of local service providers. In 2017-18 over 70% of houses will be built by Indigenous councils acting as principal contractors, up from 10%, 5 years ago.

The same mindset needs to be broadened to other areas of government policy areas – for example, energy and health.

¹¹ Resilient Families, Strong Communities – A roadmap for regional and remote Aboriginal communities, Government of Western Australia, July 2016

Queensland has taken a collaborative and co-ordinated approach to ensure employment and training opportunities are created across discrete Indigenous communities. NPARIH has provided a stable platform for economic participation and has leveraged greater efficiencies by working with local Indigenous businesses. The skills acquired through this process allow for beneficiaries to bid for subsequent and unrelated employment and business opportunities.¹²

A co-ordinated approach based on Technical Working Groups has been established by DATSIP in each community and include the Mayor, Councillors, CEO and Works/Infrastructure Managers. This partnership arrangement has enabled communities to make decisions that are needed to grow a future and to build capacity.

Through better project scheduling and informed capital procurement processes major opportunities have been created to utilize existing government expenditure (including NPARIH) to provide training and career opportunities for locals in Indigenous Communities. This integrated capital works program is a cross agency approach to smoothing out the peaks and troughs in project activities across the year in order to maximise employment and training outcomes. Through detailed modelling the start and finish date for future project work can be massaged to maximise employment and training opportunities for locals.

Indigenous Economic Opportunity Plans (IEOPs) designed to maximise local employment, training and business supply opportunities for Aboriginal and Torres Strait Islander people are now a requirement of eligible building and construction projects – including NPARIH. The IEOP is a written agreement signed off before awarding of the contract. Indigenous Councils play a key role in the negotiation of IEOPs ensuring that projects deliver real benefit to their communities and Councils are now required to sign off on these plans.

This co-ordinated approach has delivered real outcomes on the ground in communities. Councils have become Principle Contractors and now have skilled building teams in place and are delivering a superior product on the ground than that previously provided by outside contractors.

A mandatory 30% (2016-2018) minimum Indigenous Employment Policy, a joint DETE/DATSIP policy, was established to come in behind and support IEOPs. In 2015/16 the employment hours reported as worked by Aboriginal and Torres Strait Islander people equated to approximately 632 FTE with 159 FTE hours worked by apprentices and trainees on social housing construction and other housing and infrastructure projects across NPARIH communities in Queensland.

In October 2016 alone there were 223 FTE hours reported Aboriginal and Torres Strait Islander apprentices, trainees and other workforce on social housing projects in Queensland.

The Indigenous VET Partnership \$3 Million (IVP) program (2015-2018) is a joint DETE/DATSIP program administered by the LGAQ to build capacity in discrete Indigenous communities in Queensland. As at April 2017, it had trained over 1,200 people with a completion rate in excess of 95%. This program is tied to employment outcomes and is allowing locals to take over job functions previously undertaken by outside fly-in fly-out (FIFO) contractors. This reduces costs whilst ensuring dollars stay in the community.

These two employment and training programs are building local capacity and support the skills transfer from new builds to future maintenance programs. This Whole-of-Government coordinated approach to economic participation is working.

¹² LGAQ Submission to the Review of the National Partnership Agreement on Remote Indigenous Housing, December 2016

6 Funding

Funding arrangements play an important role in determining the effectiveness and efficiency of service delivery. Varying degrees of funding continuity, flexibility, and fragmentation influence the ability to plan and deliver services efficiently. It can build, or undermine, local capacity and governance, in turn helping or hindering the mechanisms for effective service delivery.

To understand the impact of government funding on service delivery within Indigenous councils it is important to first look at:

- the financial sustainability risk level of Indigenous councils;
- the factors that impact on financial sustainability;
- the impact of not indexing core and essential service grant funding;
- the extent of state and commonwealth grant cuts;
- the need to source alternative revenue streams to cross subsidise core and essential services and what happens when these alternative arrangements cease;
- the limitations on own source revenue generation; and
- the impediments to service delivery.

6.1 Financial Sustainability - Impact on Service Delivery

Councils in Queensland are governed by the *Local Government Act 2009* (LGA). The purpose of the Act as outlined in Section 3 (b), is to provide a system of local government that is accountable, effective, efficient and sustainable. In order to ensure that this occurs Parliament requires councils to act in accordance with Local Government Principles (as specified in Section 4), of sustainable development and management of assets and infrastructure. In order to achieve this Section 104 requires councils to establish a system of financial management which includes the provision of both current-year and long term financial sustainability statements.¹³

According to Section 104 (2):

A local government is financially sustainable if it is able to maintain its financial capital and infrastructure capital over the long term.

Queensland Treasury Corporation defines financial sustainability as:

Being able to manage likely developments and unexpected financial shocks in future periods without having at some stage to introduce economically significant or socially destabilising revenue or expenditure adjustments.¹⁴

All councils prepare annual financial statements. The Queensland Auditor General audits these statements and provides parliament with independent assurance of the financial management and financial sustainability of all councils in Queensland.¹⁵ Financial sustainability measures applied by the Queensland Audit Office (QAO) are based on three ratios:

1. Operating surplus ratio.
2. Net financial liabilities ratio.
3. Asset sustainability ratio.

¹³ Section 178, Local Government Regulations 2012

¹⁴ Towards financially sustainable local government in South Australia – August 2005

¹⁵ Local Government Entities: 2015-16 Results of Financial Audits: Report 13:2016-2017, Queensland Audit Office

From these the QAO calculates the overall financial sustainability risk assessment and assigns a risk level as indicated in the Table 1.

Table 1: QAO Financial Sustainability Ratio Definitions

Relative Risk Rating Measure	Operating surplus ratio	Net financial liabilities ratio	Asset sustainability ratio
Higher	Insufficient revenue is being generated to fund operations and asset renewal	Potential long-term concern over ability to repay debt levels from operating revenue	In sufficient spending on asset replacement or renewal, resulting in reduced service levels and increased burden on future ratepayers
Moderate	A risk of long-term reduction in cash reserves and inability to fund asset renewals	Some concern over the ability to repay debt from operating revenue	Irregular spending or insufficient asset management practices, creating a backlog of maintenance/renewal work
Lower	Generating surpluses consistently	No concern over the ability to repay debt from operating revenue	Likely to be sufficiently replacing or renewing assets as they reach the end of their useful lives

Table 2: Operating Surplus Ratio (average by council segment)¹⁶

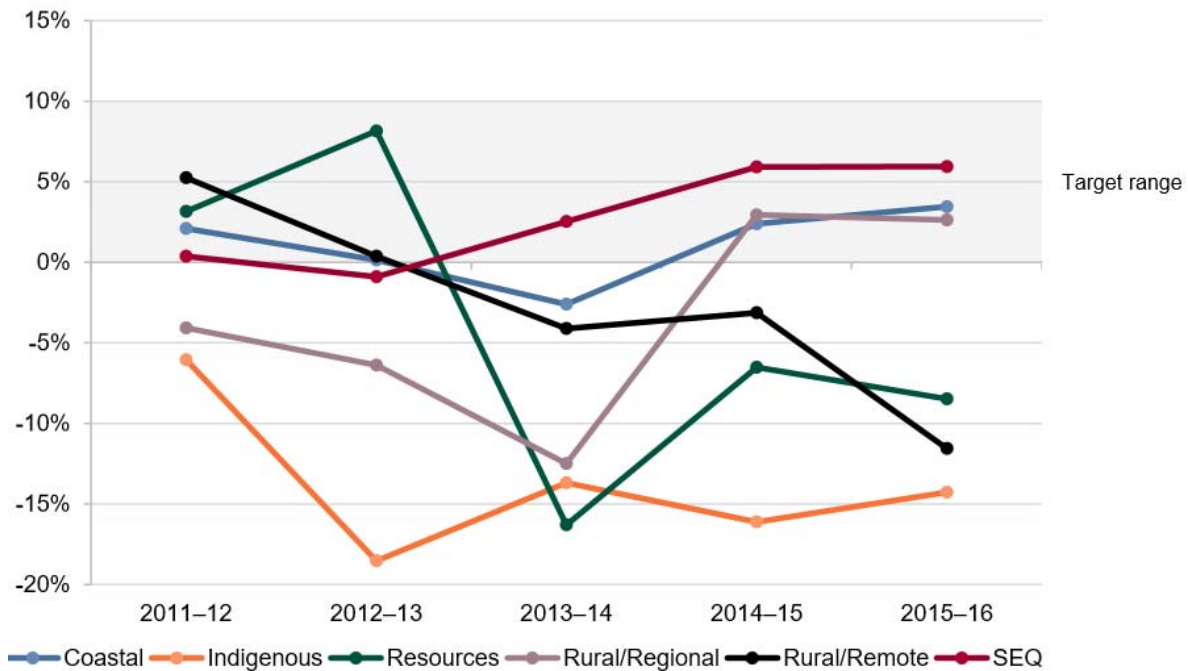


Table 2 shows the Operating Surplus Ratio for council segments for the past five (5) years. Indigenous councils continue to show the worst result over the longer term with five yearly average operating ratios being negative. Hope Vale Aboriginal Shire Council is the only exception.

According to a report prepared by the LGAQ in 2013:

¹⁶ Local Government Entities – 2015-16 Results of Financial Audits (Report 13:2016-17), Queensland Audit Office

There has been a long history of poor financial sustainability outcomes in local government. In recent times no less than thirteen State and national based inquiries into local government financial sustainability have been undertaken, with the general conclusions that the local government sector is financially stressed with anywhere from one third to fifty percent of local governments deemed to be unsustainable, weak or distressed.¹⁷

In 2013, 78% of Indigenous Councils were deemed by the QAO to be at a higher risk of becoming financially unsustainable.

Attachment 8.4 maps this Risk Assessment between 2012-13 and 2015-16 showing that, whilst there has been some changes in risk level for individual Indigenous councils, the Combined Risk Assessment level has remained steady at the "Higher" level. This indicates, on average, Indigenous Councils are at a higher risk of becoming financially unsustainable.

Between 2012-13 and 2015-16, all other groups of councils in Queensland (Southeast Queensland (SEQ), Coastal, Resource, Rural/Regional, Rural/Remote) were listed by the QAO as having a Moderate or Lower Combined Risk Assessment level.

There are four key factors that influence financial sustainability:

1. **Vertical Fiscal Imbalance:** where revenue collection at different levels of government does not match expenditure requirements. This is especially the case for Indigenous councils who are largely dependent for much of their expenditure needs on transfers from State and Commonwealth Governments.
2. **Horizontal Fiscal Imbalance:** which refers to different abilities to raise revenue and different expenditure requirements at the same level of government. Local governments have different capacities to raise revenue as well as expenditure needs. This is a real challenge for Indigenous councils given the restraints around the generation of own source revenue. On average the Revenue Ratio (the percentage of Rates and Charges revenue as a percentage of total revenue) has sat at or below 2.75% for Indigenous councils for the past three financial years compared to a state wide average for all councils of 64.2%. See **Attachment 8.5**. The total percentage of Council Controlled Revenue in 2014-15 was 7.82% (Rates and Charges 2.59 % and Fees and Charges 5.23%) and not forecasted to rise above about 12% between now and 2025.¹⁸
3. **Internal Operating Environment:** which refers to the ability to influence community characteristics and trends. Due to different demographic characteristics and geographic locations, local governments have different abilities to attract and retain skilled resources. The growth and age composition of populations can also present funding challenges for infrastructure and service provision into the future. Indigenous councils represent 28,181 constituents that is less than 0.7 percent of Queensland's population. See **Attachment 8.2**.
4. **External Operating Environment:** which refers to state, national and global economic forces over which local governments have limited influence.

The percentage of own-source revenue is dependent on the population of the local government area, development activity, and remoteness. SEQ and Coastal councils are operating with over 70% of their total revenue coming from Own Source Revenue.

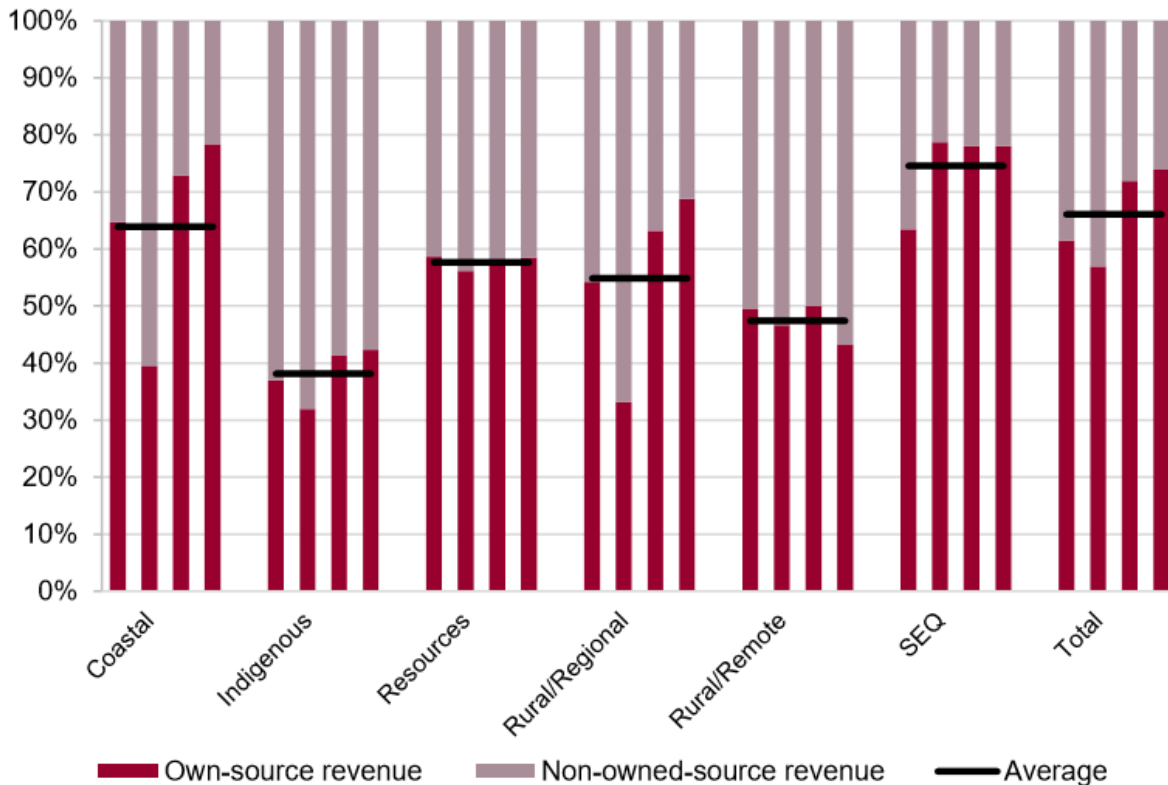
By comparison, Indigenous councils are operating with around 40%. Own Source Revenue is not all within a council's ability to control with over half being dependent on the availability of construction

¹⁷ Factors impacting on local government financial sustainability: A customer segment approach, LGAQ, 2013

¹⁸ Forecasting long-term sustainability of local government, Report 2: 2016-17, QAO

or road projects that are open to council tender. Of this 40% Own Source Revenue, only 8% is council controlled funding.

Table 3: Composition of total revenue 2012-13 to 2015-16



Source: Queensland Audit Office

Indigenous councils are highly vulnerable to changes in government policy and program funding levels. This highlights the ongoing importance of a stable grant funding regime with certainty over at least a 3 to 5 year period.

Horizontal fiscal imbalance can be partly addressed by fiscal transfers such as the Financial Assistance Grants and the State Government Financial Aid (SGFA) program. The issue around financial sustainability is that Indigenous councils are dependent on the maintenance of these external revenue streams, which are outside of council control. For example, in 2011-12, the total SGFA pool to assist Indigenous councils was \$33.122 million. The following year it was frozen at this level and then began to decline to a low of \$30.334 million in 2015-16 and 2016-17.

The level of SGFA funding allocated to Indigenous councils 2016-17 was \$1,685,000 below the 2011-12 levels.

In 2013-14, the total SGFA pool to assist Indigenous councils was \$32.019 million. The state Government decided to change the allocation model whereby \$3 million was removed to create two contestable pools:

- the SGFA Service Delivery Pool (\$1.5M) based on Indigenous councils showing evidence that they have reduced operating costs and increased own source revenue; and
- the Business Incentive Scheme pool (\$1.5M) to support Indigenous councils in building financial sustainability through new business and economic development activities. This has been an inequitable allocation process with some councils faring well, and others not so well.

The Funding Program Guidelines¹⁹ for the SGFA program state that funding allocations are determined based on the size of the recipient council and even though population across the 16 eligible Indigenous councils between 2012-13 and 2016-17 increased by 3.8% funding cuts were still applied. See Table 4 below.

Table 4: SGFA Allocation 2012-13 to 2016-17

Financial Year	SGFA Amount Allocated across Indigenous Councils	LGAQ Council Cost Index (CCI)	Amount if CCI was applied and funding level was maintained at 2012-13 levels
2011-12	\$33,122,178		
2012-13	\$33,122,178	2.3%	\$33,883,988
2013-14	\$32,019,000	2.2%	\$34,629,436
2014-15	\$31,757,822	2.3%	\$35,425,913
2015-16	\$30,334,000	1.9%	\$36,099,005
2016-17	\$30,334,000	1.74%	\$36,727,128
Total 2012-13 to 2016-17	\$157,567,000	10.44%	\$176,765,470

During this same time, the state government did not apply any form of indexation. The LGAQ’s Council Cost Index (CCI) represents the average cost increases experienced by councils over the previous 12-month period, much like a Consumer Price Index, but designed specifically for the local government sector. See **Attachment 8.6**.

If the annual CCI increases were applied to the 2011-12 base line SGFA funding, then the total amount that the State Government would have paid would be \$176,765,470. Instead cuts were made, no indexation applied, and population growth was not factored in to funding levels. As a result, working from the 2011-12 base funding level, over the past five years in aggregate, Indigenous councils are worse off in real terms by at least \$19,198,470.00. That is, there has been a major erosion of SGFA funding in real terms over the past five years.

By not indexing recurrent funding, governments are increasing the financial burden placed on Indigenous councils. Councils are forced to cross subsidise essential and core services or face the reality of a gradual decline in the level and range of services offered across their communities.

In 2013-14, Indigenous councils also lost both their Community Development Employment (CDEP) funding and Municipal and Essential Services (MUNs) funding, further compounding their financial distress. The Australian Government officially ended its MUNs program in order to transition full responsibility for delivering municipal and essential services to remote Indigenous communities to the states and territories.

Together these cuts resulted in a 21% reduction in staffing levels across the Indigenous councils and a reported reduction in service delivery capacity. See **Attachment 8.7**.

¹⁹ State Government Financial Aid 2015-16, Funding Program Guidelines August 2015 – Department of Infrastructure, Local Government and Planning

Case Study: Funding Cuts:

SGFA funding makes up around 14% of total revenue for Cherbourg Aboriginal Shire Council. Table 5 below shows the impact of government policy and funding changes over the past 4 years. In 2012-13 the base line SGFA funding for Cherbourg was \$1,695,000. In all years since, SGFA funding has been lower than this.

Table 5: SGFA Allocations 2013-14 to 2016-17 Cherbourg Aboriginal Shire Council

Financial Year	Level of SGFA Funding	Cost Price Index	Amount if CCI was applied and funding level was maintained at 2012-13 levels
2013-14	\$1,467,686	+2.3%	\$1,734,084
2014-15	\$1,452,271	+2.2%	\$1,772,234
2015-16	\$1,535,124 \$180,000 *	+ 1.9%	\$1,805,906
2016-17	\$1,535,124	+1.74%	\$1,837,329
Total	\$6,169,205		\$7,149,553

*Service Delivery Funding allocation – once off

In the same year (2013-14), Cherbourg Aboriginal Shire Council lost their Community Development Employment (CDEP) funding and Municipal and Essential Services (MUNs) funding. For Cherbourg Aboriginal Shire Council these funding cuts equated to a total loss in revenue in the 2013-14 financial year of \$1,512,000 or around 12.5% of their total revenue:

- \$700,000 from CDEP
- \$585,000 from MUNs
- \$227,000 from SGFA

This resulted in a 29% cut in full time staff and a drop in service delivery in the areas of parks and gardens, painting, local café, and farm projects. Cherbourg Aboriginal Shire Council has had to seek alternate revenue streams (\$7 million building program) to cross subsidise base line service delivery.

Applying the CCI increases for the past 4 years shows that Cherbourg Aboriginal Shire Council, in relation to SGFA funding alone, is actually \$980,348 worse off in real terms than in 2012-13.

6.2 Indexation

The application of indexation to recurrent government funding is variable.

The Commonwealth Financial Assistance Grants (FAGs) is allocated to all councils and includes a General Purpose Grant and an Identified Road Grant. The Road Grant is allocated on the basis of relative need for each local government area for roads expenditure and to preserve its road assets. The General Purpose Grant is allocated on the principle of horizontal fiscal equalisation, that is, grants that the local government receives should enable them to function by reasonable effort to an average standard. Differences in expenses for performance of functions and the capacity to raise revenue are taken into account to establish the average level of performance in revenue capacity and expenditure need. Both grants are 'untied'. This allows councils to use these funds for any general council activity.

FAGs grant allocations are increased annually in real per capita terms and includes a Consumer Price Index (CPI) adjustment as well as a population adjustment.²⁰

However, this has not been the case in the past three (3) financial years. The funding level to Queensland councils has been locked at around \$450 million since 2013-14. It is estimated that the Commonwealth Government’s freeze on FAGs has cost Queensland councils an estimated \$150 million over this period.

Table 6 below shows that the impact of this freeze meant that, in real terms, Indigenous councils were worse off by around \$6.532 million.²¹

Table 6: FAGs Allocations 2009-10 to 2016-17: Queensland Indigenous Councils

Financial Year	Amount Allocated across Indigenous Councils	Actual increase	Estimated FAG Indexation Factor	Amount if FAG indexation factor estimates had been applied
2009-10	\$18,092,808			
2010-11	\$21,842,291	20.72%		
2011-12	\$24,547,943	12.39%		
2012-13	\$26,461,408	7.79%		
2013-14	\$29,145,392	10.14%		
2014-15	\$29,733,707	2.02%	4.73%	\$30,523,969
2015-16	\$29,582,069	-0.51%	4.82%	\$31,995,224
2016-17	\$30,170,736	1.99%	4.70%	\$33,499,000
Total 2014-15 to 2016-17	\$89,486,512			\$96,018,193

The May 2017 Federal Budget has announced that this freeze is due to end in 2017-18.

The State Government Financial Aid (SGFA) grants are provided as a financial contribution (in lieu of rates) to assist Indigenous councils to deliver essential and core local government services to their communities. Local government services include:

- General Public Services;
- Public order and safety;
- Health;
- Recreation and culture;
- Transport and communication;
- Other economic affairs;
- Education;
- Essential Services; and
- Public amenities.

According to the SGFA Funding Program Guidelines²², SGFA funding allocations are based on the size of the recipient council, although size is not defined and indexation is not applied. Therefore, some grants are indexed but then frozen and some are not indexed at all. This variability in recurrent funding creates fiscal uncertainty, particularly for Indigenous councils who cannot offset these fluctuations by increasing rate revenue (rating in these communities does not occur) or through

²⁰ Department of Infrastructure, Local Government and Planning – Financial Grant, 2017

²¹ Leg FAG indexation factor estimates – Local Government (Financial Assistance) Act 1995 s8

²² State Government Financial Aid 2015-16, Funding Program Guidelines, DILGP, August 2015

service charge increases given the high level of unemployment and low socio-economic circumstances of their communities.

When grants are cut unexpectedly, frozen, or not indexed, councils' ability to deliver services to their communities suffer.

In order to provide sustainable service delivery Indigenous councils are asking for:

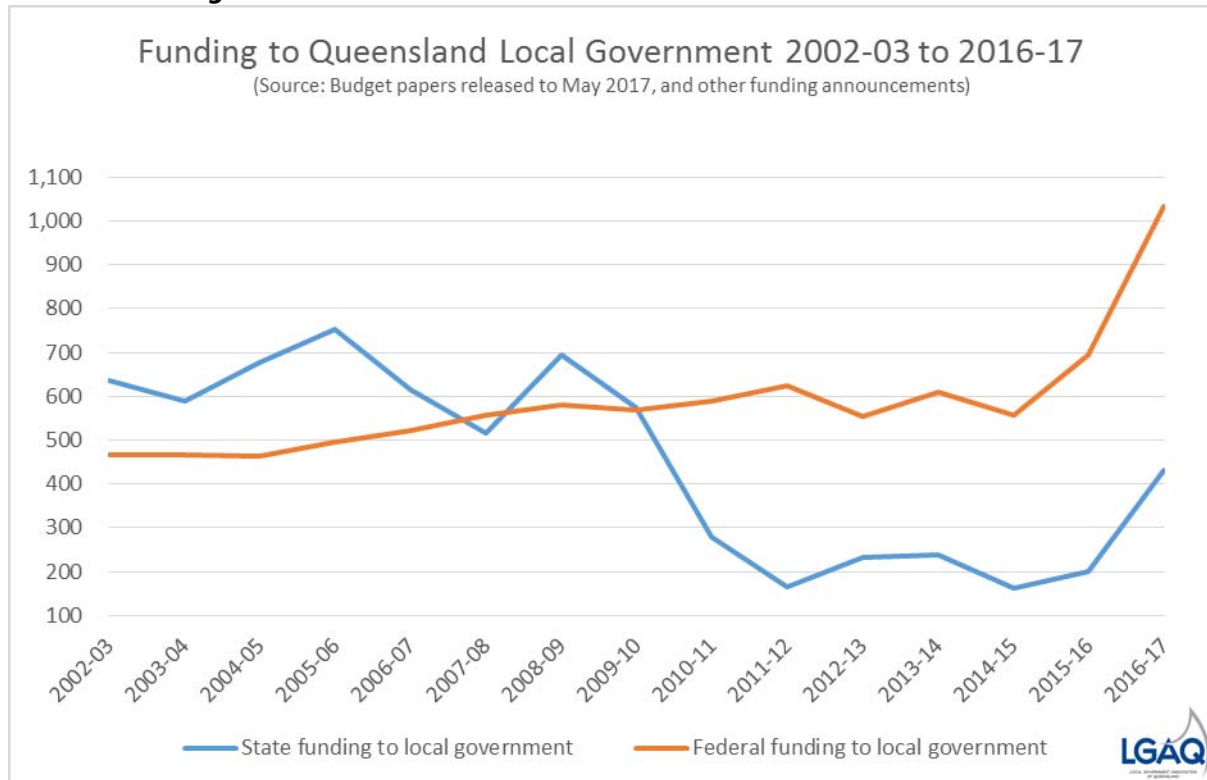
- a grants and subsidies framework that provides greater long-term funding certainty;
- indexation to be built into all recurrent funding programs; and
- open dialogue and forward planning process between all tiers of government to be established to smooth out funding variability and afford certainty around revenue levels.

6.3 Adequacy of funding

High levels of need, high cost of services, and limited resources are challenges faced by all service providers operating in remote Indigenous communities. The difficulties for service delivery arise both from the manner in which funding is provided, as well as the overall adequacy of the funding to meet the service needs of the community. The cumulative impact of policy and funding decisions over the past 5 years by state and federal governments has been assessed by the LGAQ as having a negative impact of \$1 billion/annum on the Queensland local government sector. Decisions impacting on this local government funding included:

- Freezing of the FAGs funding;
- Reduction of SFGA funding;
- Freezing of Infrastructure charges;
- Removal of the subsidies for water and waste water;
- Reduction in discretionary grant funding;
- Changes to royalty for regions funding; and
- Cost shifting.

Table 7: Funding to Queensland Local Government 2002-03 to 2016-17



The graph above highlights the volatility of state and commonwealth funding to the Queensland local government sector. It shows that Queensland government funding to local government went from a high of about \$580 million in 2008-09 to a low of \$160 million in 2014-15.

The magnitude of this revenue loss increased fiscal pressure on councils, forced them to do more with less, and to require them to look for innovative solutions to reduce expenditure and generate alternate revenue streams. This is a difficult task for isolated Indigenous councils who were already at high risk of being financially unsustainable.

The upswing in grant and subsidies funding in 2016-17 was dominated by short-term, one-off grants, driven by political cycles. Whilst welcome, can lead to significant pressure to deliver within timeframes that have little consideration of the capacity of councils, given existing program workloads.

Both State and Commonwealth governments need to acknowledge that over the past 10 years, significant reduction of grants and other transfers from State and Commonwealth Governments have placed severe financial pressure on the local government sector – none more so than on Indigenous communities. These short-term grants do not support service delivery sustainability. Indigenous communities need longer term and more predictable and reliable grant funding. A recent example of the state government heeding this message it outlined in the Case Study below.

Case Study: Aboriginal and Torres Strait Island Public Health Program

The purpose of the Aboriginal and Torres Strait Islander Public Health Program (the Program) is to support Aboriginal and Torres Strait Islander Local Governments to deliver their public health legislative obligations and contribute to a reduction in the burden of disease within the Indigenous population. This program is funded by the Queensland Department of Health and establishes service agreements with Indigenous councils aimed at improving public health within these remote communities.

Up until last year the state government provided funding to support Environmental Health Workers and Animal Management Workers over a 3-year period. At the end of this service agreement in 2015-16 the State Government then entered into a one year service agreement for the provision of the public health program. Mayor Gela from Torres Strait Island Regional Council, in his letter to Minister Cameron Dick, outlined the following:

The TSIRC Public Health Program employs 19 Torres Strait Islanders across each of its 15 communities and has maintained and built the capacity of its workforce of Environmental Health Practitioners. The program implements preventative health education and awareness, animal and pest management, biosecurity, inspectorial and compliance services. This program is integral to Closing the Gap and to the safety and wellbeing of Torres Strait Islander people... Funding uncertainty means our Environmental Health Practitioners remain on fixed term year by year employment contracts. This creates job insecurity and hampers long-term operational and strategic planning for the region, including investment in training and development of our staff.

The LGAQ and Environmental Health Australia advocated for a 5 to 10 year service agreement moving forward. In May 2017, the State Department of Health issued new service agreements to Indigenous councils with a 5-year term to June 30, 2022, and including CPI increases, providing certainty in the delivery of public health services across Queensland Indigenous communities.

Environmental Health Australia said:

This long-term commitment enables Indigenous councils to establish long term sustainable solutions in closing the gap and significantly improving Indigenous health outcomes. Long terms commitment to this program will assist EHWs and AMWs to continue to identify and mitigate the public health risks within their community and to implement sustainable long term environmental health programs.

6.4 Alternative Revenue Sources

6.4.1 National Partnership Agreement on Remote Indigenous Housing

Economic wellbeing and participation for their communities continues to drive Indigenous Councils to look for alternate revenue streams. The National Partnership Agreement on Remote Indigenous Housing (NPARIH) has provided just such an opportunity.²³

NPARIH has been a highly successful program in Queensland and by June 2018 will have delivered 1,215 new houses and refurbished 1,490 existing dwellings, achieving all targets set by the Commonwealth and State Governments.

The shift in 2016 to an outcomes-based funding model, focusing on both improved property and tenancy management and Indigenous employment and business engagement, has been a game changer in Queensland. Through a Whole-of-Government approach, Queensland now has systems in place to maximise employment and economic participation of local Aboriginal and Torres Strait Islanders.

Under this program, councils have built capacity and capability over the past 5 years to become Principle Contractors, maximising the amount of government funding that stays within Indigenous communities through the employment of local building crews and through the use of local service providers. In 2017-18 over 70% of houses will be built by Indigenous councils acting as principal contractors, up from 10%, 5 years ago.

Lockhart River Aboriginal Shire Council is a good example of this in practice. This financial year they expect to show a profit to council of just under \$1 million from key projects like NPARIH, allowing council to re-invest in programs in response to identified community need or to leverage additional grants. The CEO of Lockhart River raised the following points:

We have to operate commercially in order to cross subsidise government funding levels of key services and to self-fund key community and cultural programs. We have year on year shortfalls in funding provided by government for core municipal services. For example, the reduction in the SGFA funding level of \$1.4m, means that we have to attract service delivery grants to offset wages in order to provide base level services.

Reducing overcrowding and homelessness in discrete Indigenous communities has proven to contribute positively towards 'closing the gap' on Indigenous health, education and economic participation. NPARIH (now the National Partnership for Remote Housing) has provided the platform towards achieving this goal, but there is more to do.

Evidence shows that the demand for new houses listed on the housing register, as well as the reported levels of overcrowding, significantly underestimate the housing need within Indigenous communities. Queensland will need at least 1,800 to 2,000 new homes to meet current demand.

²³ LGAQ Submission to the Review of the National Partnership Agreement on Remote Indigenous Housing, December 2016

NPARIH finishes on June 30, 2018. Despite a COAG agreement on housing and targets around overcrowding, there is no guarantee that a housing program will exist post 2018. If NPARIH is not funded, this will result in a cut of about \$125 million dollars a year for public housing across Indigenous councils in Queensland; a loss of jobs within communities; and a reduction in the amount of revenue councils are able to generate to cross subsidise core and essential services.

Aboriginal and Torres Strait Islander local governments are calling on the Commonwealth Government to roll-out an additional 5 to 10 year housing program in order to meet COAG agreed service targets on overcrowding.

6.4.2 Indigenous Rating Scheme

Prior to the introduction of the *Local Government Act 2009* (LGA), Queensland's discrete Indigenous communities were not regulated in the same manner as non-Indigenous councils, not considered 'local governments' in their own right, and not required to undertake many of the ordinary functions of local government. Since implementation of the LGA, it is the responsibility of all local governments to identify which land in its area is rateable under the LGA. All land is rateable unless the land is exempt. It should be noted that Aboriginal land under the *Aboriginal Land Act 1991*; Torres Strait Islander land under the *Torres Strait Islander Land Act 1991*; and land used for social housing is exempt from rating.

To bring the Indigenous councils into further alignment with non-Indigenous councils, the State Government is planning to introduce a general rating scheme for Indigenous councils which will take effect from July 1, 2017. Indigenous councils that have already undertaken a land identification process, the first step to progress a general rating scheme, highlight a significantly restricted number of rateable properties. For example, Lockhart River Aboriginal Shire Council area has eight (8) rateable properties and Woorabinda Aboriginal Shire Council area has only one (1) rateable property. This is because the majority of land in Indigenous local government areas is Aboriginal land; Torres Strait Islander land; or social housing, and exempt.

In addition to land identification to implement a general rating scheme, councils are required to make a minimum \$5000 annual payment to the Valuer-General for issuing valuations under the *Land Valuation Act 2010*.

While introduction of a general rating scheme is considered positive by the LGAQ, it is also considered ambitious. There are limitations impacting the viability and scope of rating schemes within Indigenous communities. The LGAQ understands it will be an 'opt-in' scheme and suggests many Indigenous councils will choose not to opt-in initially. The State Government anticipates a maximum of two Indigenous councils implementing rating in the first year.

The LGAQ suggests introduction of a general rating scheme should not be considered a 'magic bullet' to improve Own Source Revenue. It will not generate the level of revenue that non-Indigenous councils attract.

Currently, non-Indigenous councils generate 64.2% of their total revenue through Rates and Charges compared to 2.8% across Indigenous Councils. However, it should also be noted that the percentage of total revenue generated through rates reduces significantly the more remote a local government is. For example, Cook Shire Council in far north Queensland generates only 34% of its total revenue through rates and charges, which is far short of the 64.2% average for the local government sector.

The cost of administering a general rating scheme, combined with the limited number of rateable properties and the fee associated with the Valuer-General, will far outweigh the income generated through rates. Indigenous council reliance on government funding (SGFA and FAGs) will continue for

at least 10 years into the foreseeable future to ensure that the level and scope of core and essential service delivery is maintained.

6.5 Impediments to Service Delivery

6.5.1 Land Tenure

Land tenure in the northern and remote areas of Queensland is different from the south. Queensland's south-eastern corner and much of the coast has a strong land administration history with a property rights structure that is certain; secure; and inclusive of long-term leases and freehold options. A substantial portion of the northern and remote areas of Queensland, inclusive of all Queensland's discrete Indigenous communities, lack land tenure certainty and the robustness of land use planning policies realised in other areas of the State. This discourages individuals from using land as an asset for borrowing; limits development opportunities; and imposes barriers to small business ventures.

The LGAQ has resolutely advocated for an overarching plan for land tenure reform in Queensland's Indigenous local government areas. The LGAQ, and its seventeen (17) Indigenous local government members, recognise that appropriate land tenure underpins and enables regional economic growth and community advancement.

Ultimately, without a certain and secure land administration framework, Queensland's discrete Indigenous communities will continue to be reliant on grant funding and external service delivery.

6.5.2 Asset Renewal

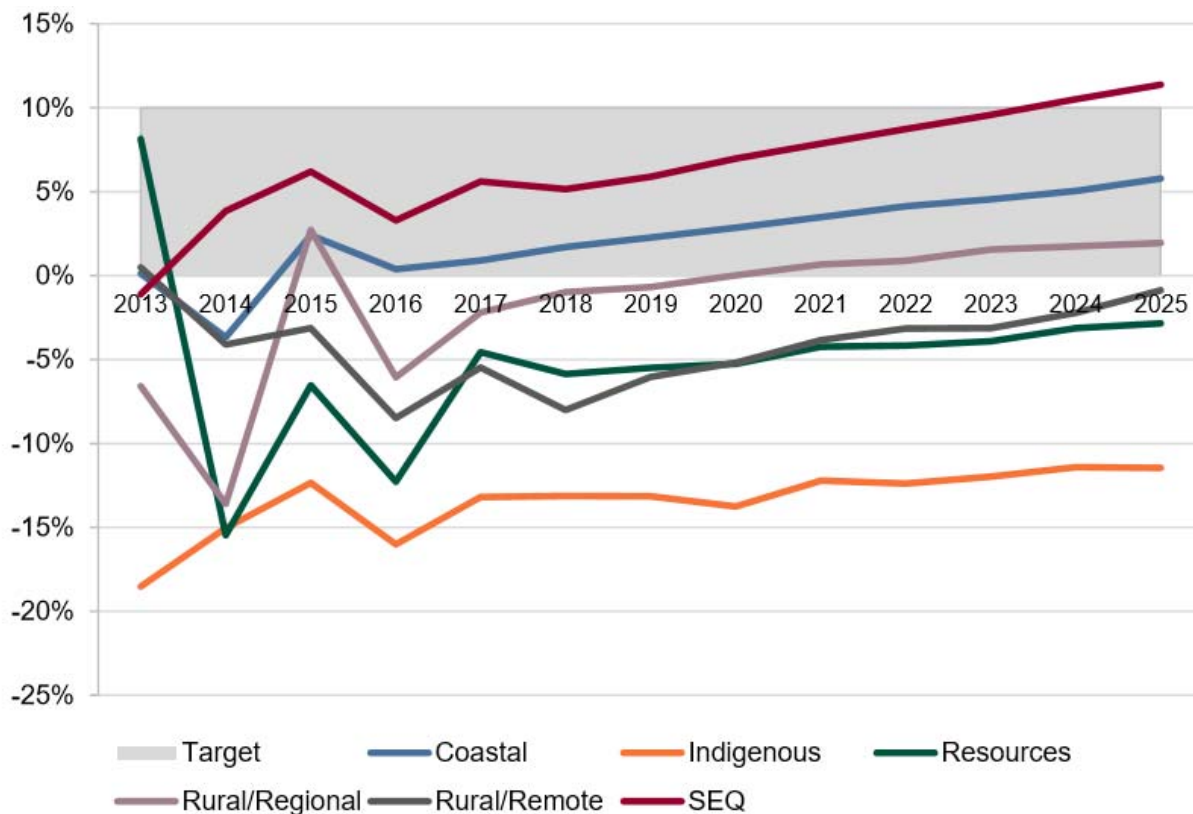
Indigenous councils provide vital infrastructure services that facilitate and grow local economies. They provide roads; water and sewerage services; manage airports; cemeteries; art and cultural centres; child care centres; and other community facilities such as pools, parks and gardens, sport and recreation facilities, historical centres, Indigenous knowledge centres, environmental health and animal management services, and the list goes on. These services necessitate councils to manage long-lived assets almost all of which they own and control. For councils to retain existing service levels, these assets need to be maintained and then replaced at the end of their lives, while new assets need to be acquired to match population growth and community demand for services.

Australia-wide there are concerns about the ability of local governments to generate sufficient revenues to recover capital, maintenance, and operating costs over the lifetime of their assets. The major recurrent sources of finance available to councils are rates, fees and charges, and grants. The risk is that infrastructure assets deteriorate or fail faster than they can be replaced, with the potential to jeopardise the growth of their local economies and the health and wellbeing of their communities.

The QAO reports that, over the 10-year forecast period to 2025, the local government sector is financially stressed. Many councils are forecasting deficits and an inability to maintain assets at the condition they desire.²⁴

²⁴ Forecasting long-term sustainability of local government – Report 2:2016-17, Queensland Audit Office

Table 8: Operating Surplus Ratio by Council Segment



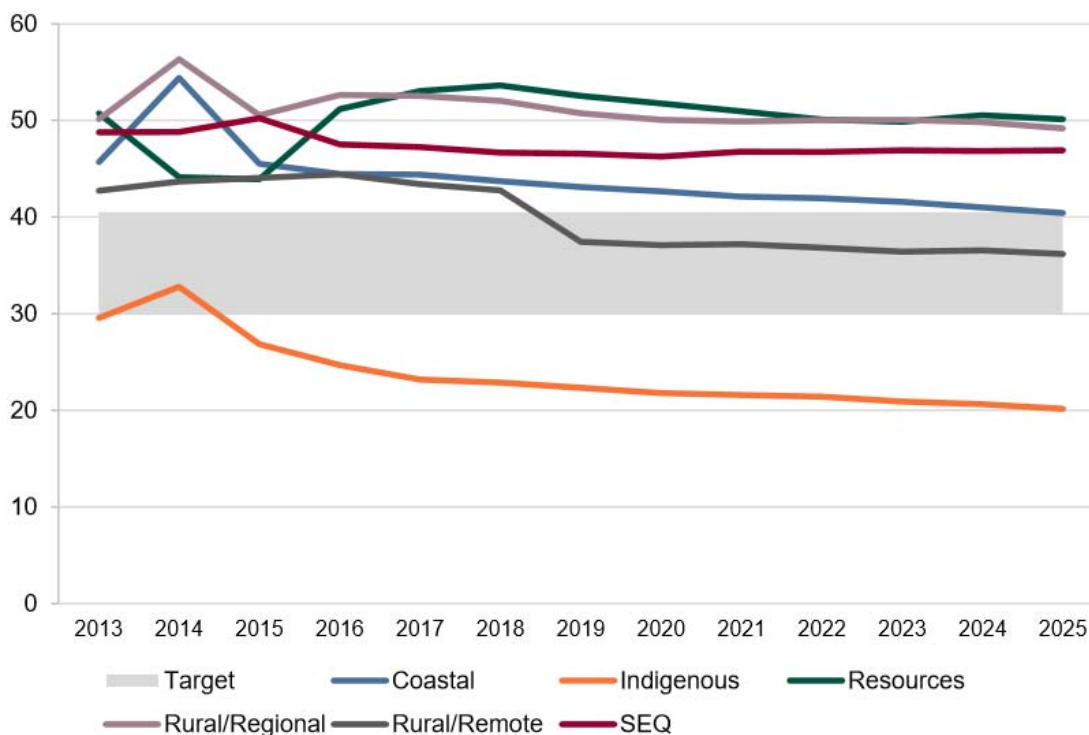
Source: Queensland Audit Office using combined council long-term financial forecasts

Indigenous councils are heavily reliant on grant funding that is outside their ability to control. New infrastructure is generally funded by State and Commonwealth Government. This funding does not extend to the repair and maintenance of these assets.

The useful life of assets in most Indigenous councils is well below the 30-40 years applied by the Queensland Treasury Corporation in its modelling. This is not true for Indigenous councils where the average useful life expectancy is forecast to decline to around 20 years by 2025. The wet season and cyclones impact on the useful life of assets in Indigenous councils.

Historical trends show that government grant funding is declining, putting further stress on Indigenous councils. Councils spend what they can afford rather than what they need in relation to asset maintenance.

Table 9: Average Useful Life of Assets by Council Segment



Source: Queensland Audit Office using combined council long-term financial forecasts

Councils have to find the money to maintain assets in order to continue to provide the services in line with community expectations, but the cost of maintaining some assets is now proving too great. For instance, Aurukun Aboriginal Shire Council determined last year that it could no longer afford to operate and maintain the local pool and was looking to repurpose it so that it is not an ongoing drain on council resources.

To ensure the sustainability of service delivery, Indigenous Councils would like to see future grant funding for new infrastructure include an annual provision for ongoing maintenance over the useful life of the asset. If the state government invested more money now in asset maintenance the useful life of assets could be extended, deferring the high cost of asset replacement.

6.5.3 Program Administration Costs

According to ACELG, “a frequently-raised concern about government co-ordination is the fact that funding for remote community services is provided through fragmented program arrangements and short-term grant processes that carry a high burden of reporting and compliance”.²⁵

Attachment 8.8 has been provided by Lockhart River Aboriginal Shire Council. It shows the number of funding programs accessed over the past two years and lists the value of administration charges the council is permitted to charge against each program. Of the 33 programs listed only 11 have allowed council to charge an administration fee.

If we remove from the equation the funding for core and essential services (SGFA and FAGs) then the total grants accessed by council in 2015-16 was \$13,530,092 resulting in an administration fee of \$214,719. That is an administration fee of just 1.59% across all programs.

²⁵ Local Government Service Delivery to Remote Indigenous Communities, Review of service delivery models and approaches in various jurisdictions, ACELG, May 2012

Councils argue that administering funded programs is a real cost to council and that an administration fee should be a standard component of all grant funding. Mornington Shire Council is seeking an administration fee of around 15-20% on all state and commonwealth grant funding and is in discussion with government agencies on this matter.

6.6 Funding Reform

In October 2015, the Queensland Government and the LGAQ renewed the Partners in Government agreement. The LGAQ believes that there is an opportunity to deepen this partnership by reforming the strategy and operational framework underpinning the administration of state government grant programs to local governments. The Association believes that such reforms would assist councils (and the Queensland Government) to improve their performance in delivering infrastructure and services of importance to Queensland communities.²⁶ The LGAQ seeks collaboration and support by the State Government and councils to identify and support continued alternative means of local government service delivery, with an emphasis on regional partnerships across multiple councils to deliver improved and value-for money-services for communities.

The diversity of grant programs on offer, both in terms of program coverage and scale makes it difficult for Indigenous councils to administer these programs efficiently. Moreover some funds whilst worthy may be inflexible in meeting the needs of communities at the local level.

The LGAQ has previously called for greater coordination between state and federal government programs, it also believes that outcomes on the ground in communities could be improved by greater coordination and cooperation between the state government and local governments.

State government personnel also expressed concern about the poor quality of some council grant applications. While this is in part due to the onerous nature of some applications, the LGAQ acknowledges that some councils lack the necessary resources or skills to plan and undertake projects. Where such gaps in capability exist, councils will sometimes spend scarce funds on consultants to write their grant applications, diverting council resources that could be invested in building capability or delivering services.

Uncertainty over what funding may be made available, for what purposes and during what timeframe can make it difficult for local government to plan and fund infrastructure and service delivery over the longer term. In the case of competitive grants programs, administrative costs associated with unsuccessful applications can be seen as a waste of council resources.

For councils with only limited administrative capability and resources, the problem of wasted administrative resources can be compounded by difficulties in meeting onerous grant application guidelines. Developing more flexible grant funding pathways that incorporate mechanisms for improving council planning and project management capabilities – and accepting realistic limits to these capabilities – could lead to substantial improvements in infrastructure and service delivery at the local level, particularly for rural, remote and Indigenous councils.

The current Queensland Government tied grant arrangements are seeing local councils invest time and money on administration in ways that are not adding value to their infrastructure and service delivery efforts. Moreover, annual, competitive grant cycles can be counterproductive to councils developing longer-term strategies for infrastructure and service delivery investment, while other councils are simply left behind as they struggle to meet grant application requirements.

²⁶ Building a Better Partnership – Submission to the Queensland Government on Reform of State-Local Government Programs, LGAQ, March 17, 2016

Placing grant funding within a clear policy framework would provide the Queensland Government with a “lever” for achieving policy objectives, particularly in circumstances where regional coordination between local councils – or between state and local government – is required. When placed in a policy framework grant programs can also provide incentives to local government to improve management practices.

To maximise the opportunity of achieving policy objectives, a more robust system of grant program design and evaluation is required. A greater emphasis on program evaluation – including dissemination new knowledge and incorporating “lessons learned” in the design of future programs - has the potential to realise substantial improvement in infrastructure and service delivery over the medium to long term.

By giving greater emphasis to policy context and continuous improvement in program design and management requires reducing the emphasis on the annual competitive grant cycle. Such a shift requires consolidation of smaller grant programs into larger programs to provide the program scale needed to foster fundamental improvements in service delivery performance.

Finally, greater flexibility is required in the manner in which funding is allocated in order to take account of different council capabilities and community needs particularly for indigenous councils.

More importantly a more robust system of grant program design and evaluation requires a stronger, more collaborative relationship between state and local government. Significant improvements can be achieved in infrastructure and service delivery if local governments were given the opportunity to contribute early and constructively to the design of grant programs, as well as the policy context within which these programs sit.

In response to the LGAQ’s submission the Queensland Government agreed to establish a joint working group to examine reform options, beginning with an audit of current programs available. KPMG and the AEC Group Limited have been engaged to undertake a comprehensive review of State Government grants and subsidies to local government. The aim is complete this review by June 30, 2017. As part of this review three Indigenous councils will be included in a detailed survey on the administrative costs of current grant programs and ideas for how grant programs could be reformed.

7 Evaluation

Governments spend large sums of money addressing the high levels of disadvantage in remote Indigenous communities yet Closing the Gap targets are not being reached.

Despite the obvious need for evaluation and the large amounts of public moneys spent on delivering services within remote Indigenous communities little proper evaluation of these programs occur.²⁷ A recent review found that of the 1082 Indigenous program identified only 8% had or were in the process of being evaluated and of those 8% most were not using methods that provided evidence of the program’s success.²⁸

Evaluation of service delivery is of particular importance in remote Indigenous communities given the high cost and number of services provided and that residents often have very little choice in terms of the service itself or who delivers the service on the ground.

Evaluation should not be an afterthought. It should be an integral component of all service delivery programs and should be built into the program methodology at the design phase, to ensure

²⁷ The Case for Making Public Policy Evaluations Public, Better Indigenous Policies: the Role of Evaluation, Roundtable Proceedings, Productivity Commission, Canberra, October 2013

²⁸ Mapping the Indigenous Program and Funding Maze, Centre for Independent Studies, 2016

accountability around service expenditure and that outcomes are achieved that address the needs of individuals and communities.

There is very little evidence available around program evaluation and reporting. When asked, service providers say that *"the council or community are not entitled to access this information – that it is confidential"* and that they are only required to provide this to their funding agency. Government agencies have also been reluctant in the past to provide information about funding levels or real time data on program progress.

A shift in thinking is needed at all levels of government around evaluation. Government agencies, personnel within government agencies and front line service providers need to be held accountable. Effective evaluation should include community and client feedback and should adopt a continuous improvement approach.

What should be measured, should be considered at the program design phase and should be based around the program outcomes or deliverables desired. Outcomes that are not just compliance related like a tick in a box, or the number of clients seen, but rather outcomes which identify the impact that the service has made on individuals or the community.

For example not only would you measure the number of new houses built within a community but also whether these houses were fit for purpose and improved overall individual and community wellbeing. Did they contain an adequate number of rooms to meet family needs and did the family have a say in the design of the house. Was the design of the house in line with local cultural and social requirements? Did the building of these houses generate broader social or economic outcomes – like increased local employment?

Evaluation approaches need to involve local people in the design and implementation of the service and or the policy framework in which the service sits to ensure that the outcomes are accessible and useful to communities and local organisations.

The development of an Evaluation Standard for program delivery within Indigenous communities should be considered.

8 Attachments

8.1 List of Services Identified on Mornington Shire Council

STATE FUNDED PROGRAMS

PROGRAM	PROVIDER
1. Mum's & Bub's	Save the Children
2. Midwife and First Year Care	Mornington Island Hospital
3. Early Childhood Education Services - Ngakulwen Nyerrwe	Save the Children
4. Family Support Service - Ngakulwen Nyerrwe	Save the Children
5. Child and Maternal Health & Community Education	Save the Children
6. Kirdi Mayarr Child Care Centre	Save the Children
7. Child and Maternal Health services	Gidgee Healing
8. Community Visitor Program	Commission for Children & Young People & Child Guardian
9. Safe Haven Night Patrol	Mission Australia
10. Mornington Island State School	Department of Education
11. Parents Supporting Learning Centre	Mornington Island State School
12. Child and Family Health	NWRHS
13. Alcohol, Tobacco and Other Drugs Substance (ATODS)	Mornington Island Hospital
14. Central North West Queensland Medicare Local	North West Remote Health
15. Community Health	North West Remote Health
16. Deadly Ears Clinic	Deadly Ears Clinic
17. Indigenous Community Sport & Recreation Plan	Department of National Parks, Sport and Racing
18. Mornington Island Health Council	Department of Health
19. Mornington Island Hospital	Department of Health
20. Chronic Kidney Disease Awareness	Mornington Island Hospital
21. Communicable Disease Control and Immunisation	Mornington Island Hospital
22. Diabetes Education and Management	Mornington Island Hospital
23. Dental Services	Mornington Island Hospital
24. School Dental	Mornington Island Hospital
25. Environmental Health	Mornington Island Hospital
26. Gastroenterologist (VMO)	Mornington Island Hospital
27. Health Worker - C & PHC	Mornington Island Hospital
28. Maternity & Child Health Nurse - C & PHC	Mornington Island Hospital
29. Mental Health	Mornington Island Hospital
30. Mobile Women's Health Service (MWHs)	Mornington Island Hospital
31. O & G Team	Mornington Island Hospital
32. Paediatrics	Mornington Island Hospital
33. Rheumatic Heart Program (C & PHC)	Mornington Island Hospital
34. Patient Outreach Services	Mount Isa Base Hospital
35. Outreach - Psychiatry	North West Hospital and Health Service (NWHHS)

36. Mornington Island Wellbeing Centre	Central North West Queensland Medicare Local
37. Kuba Natha Aged Person's Hostel	North West Remote Health
38. Home and Community Care	North West Remote Health
39. Disability and Community Care Service	North West Remote Health
40. Gulf Financial Wellbeing Program	Save the Children
41. Queensland Police Service	Queensland Police Service
42. Queensland Ambulance Service	Queensland Ambulance Service
43. Mornington Island Rural Fire Brigade	
44. Mornington Island Volunteer Marine Rescue	
45. Indigenous Driver Licensing Program	Indigenous Driver Licensing Unit, Department of Transport and Main Roads
46. Court Circuit	Department of Justice
47. Mornington Island Community Legal Centre	Queensland Association of Community Legal Centres
48. Youth Justice Conferencing	Department of Justice and Attorney General
49. Youth Justice Program	Department of Justice and Attorney General
50. QLD Indigenous Family Violence & Legal Service - QIFVLS	
51. Probation and Parole	Department of Corrective Services
52. Family Intervention Services (FIS)	Child Safety Services, Department of Communities, Child Safety and Disability Services
53. Strong Families Support Program (Family Support)	Department of Communities, Child Safety and Disability Services
54. School Based Nurse	Department of Health
55. PCYC After School Program	PCYC
56. Youth Support Service	PCYC
57. Century Mine - Community and Stakeholder Partnerships	MMG Ltd
58. Women's Shelter	Mission Australia
59. Safe Haven	Mission Australia
60. Safe House	Mission Australia
61. Myuma Group	Indjalandji-Dhidhanu People: traditional Aboriginal landowners of upper Georgina River region, far north-west Queensland
62. Personal Helpers and Mentors (PHAMS)	North and West Remote Health Ltd
63. Family and Mental Health Support Service	North and West Remote Health Ltd
64. School Attendance Case Management	North and West Remote Health Ltd
65. NLR Cowboys House	Cowboys Community Foundation
66. Rangers Program	Gulf Region Aboriginal Corporation (GRAC)
67. After hours DV support	Save the Children
68. Health and Wellbeing Counselling	Save The Children
69. Counsellor & Court Support Workers	Save The Children

Commonwealth Funded Programs

PROGRAM	PROVIDER
1. Pride in My Home	Save the Children
2. Innovative Learning Centre	Department of Education and Employment
3. Kuba Dawun Activity Centre	Mirndiyan Gununa
4. Mornington Island Youth Hub	Mirndiyan Gununa
5. Remote School Attendance Strategy (RSAS)	Mornington Island State School (DPMC)
6. The Aged Care Assessment Team (ACAT)	Community Health Centre, Mornington Island Hospital
7. Medical Specialist Outreach Assistance Program (MSOAP)	Mornington Island Hospital
8. Nutrition Public Health	Mornington Island Hospital
9. Indigenous Sexual Health	Senior Public Health Officer
10. Normanton Recovery & Community Wellbeing Service	Gidgee Healing
11. Centrelink Agent	Department of Human Services
12. Centrelink Outreach Service	Department of Human Services
13. Job Find Centre (CDP)	Job Service Australia
14. Mornington Island Restorative Justice Project	Department of Justice
15. Junkuri Laka Justice	
16. Aboriginal & Torres Strait Islander Legal Aid Services Ltd	
17. Gulf Child Safety Service Centre	Child Safety Services
18. Placement Service Unit, Child Safety Services	Placement Service Unit, Child Safety Services
19. YouthInvest - School Business Community Partnership Brokers Program	QLD Chamber of Commerce and Industry
20. Men's Group	DPMC
21. Home Ownership	Indigenous Business Australia (IBA)
22. Community Housing	Department of Housing
23. Indigenous Business Australia	Indigenous Business Australia
24. Case Management - Drugs, Alcohol, Incarcerated, & Recidivism	North and West Remote Health Ltd
25. Small Economic Development	Mornington Island Aboriginal Corporation for Social & Economic Development
26. Land and Sea Rangers program	Mornington Island Aboriginal Corporation for Social & Economic Development

8.2 Population Estimates by Local Government Area: Queensland Statisticians Office, Regional Profiles, June 2016

Local Government Area	Population as at June 30, 2013	Population as at June 30, 2016	SEIFA Index
Aurukun	1,400	1,451	4
Cherbourg	1,284	1,277	2
Doomadgee	1,381	1,415	7
Hope Vale	1,078	1,161	21
Kowanyama	1,114	1,166	9
Lockhart River	518	563	24
Mapoon	288	302	29
Mornington	1,213	1,237	15
Napranum	925	987	6
NPARC	2,557	2,791	30
Palm Island	2,587	2,731	11
Pormpuraaw	726	758	22
Torres Shire	3,599	3,687	87
Torres Strait Island	4,561	4,652	27
Woorabinda	994	1,010	5
Wujal Wujal	285	304	23
Yarrabah	2,678	2,689	1
Total Indigenous Councils	27,188	28,181	
Total for Queensland	4,651,359	4,853,048	

Note: SEIFA is the Socio-Economic Index for Areas a product developed by the ABS that ranks areas in Australia according to relative socio-economic advantage and disadvantage. The lower the score the greater the level of disadvantage.

8.3 Index of Relative Socio-economic Disadvantage

Australian Bureau of Statistics

2033.0.55.001 - Socio-economic Indexes for Areas (SEIFA), Data Cube only, 2011

Released at 11.30am (Canberra time) 18 July 2013

Table 2. Local Government Area (LGA) Index of Relative Socio-economic Advantage and Disadvantage, 2011

2011 Local Government Area Code (LGA)	2011 Local Government Area Name (LGA)	Usual Resident Population	Score	Ranking within Australia			Ranking within State or Territory		
				Rank	Decile	Percentile	State	Rank	Decile
30250	Aurukun (S)	1292	586	4	1	1	QLD	3	1
30300	Balonne (S)	4719	950	231	5	41	QLD	46	7
30370	Banana (S)	14451	980	346	7	62	QLD	57	8
30410	Barcaldine (R)	3217	974	320	6	57	QLD	54	8
30450	Barcoo (S)	352	947	224	4	40	QLD	45	7
30760	Blackall Tambo (R)	2209	945	212	4	38	QLD	43	6
30900	Boulia (S)	478	886	51	1	10	QLD	18	3
31000	Brisbane (C)	1042074	1057	512	10	91	QLD	74	10
31750	Bulloo (S)	402	985	366	7	65	QLD	60	9
31820	Bundaberg (R)	89786	917	102	2	19	QLD	27	4
31900	Burdekin (S)	17373	944	208	4	37	QLD	42	6
31950	Burke (S)	521	915	96	2	17	QLD	24	4
32070	Cairns (R)	156176	975	322	6	57	QLD	55	8
32250	Carpentaria (S)	2052	865	44	1	8	QLD	17	3
32260	Cassowary Coast (R)	27676	926	123	3	22	QLD	29	4
32270	Central Highlands (R)	28729	1024	462	9	82	QLD	70	10
32310	Charters Towers (R)	12157	931	138	3	25	QLD	31	5
32330	Cherbourg (S)	1223	556	2	1	1	QLD	2	1
32450	Cloncurry (S)	3231	934	156	3	28	QLD	35	5

32500	Cook (S)	4145	898	66	2	12	QLD	19	3
32600	Croydon (S)	314	938	171	4	31	QLD	37	5
32750	Diamantina (S)	283	917	101	2	18	QLD	26	4
32770	Doomadgee (S)	1283	617	7	1	2	QLD	6	1
33100	Etheridge (S)	894	937	169	3	30	QLD	36	5
33200	Flinders (S)	1791	943	199	4	36	QLD	40	6
33220	Fraser Coast (R)	95348	908	81	2	15	QLD	21	3
33360	Gladstone (R)	57874	1007	423	8	75	QLD	67	9
33430	Gold Coast (C)	494591	1016	445	8	79	QLD	69	10
33610	Goondiwindi (R)	10627	963	265	5	47	QLD	48	7
33620	Gympie (R)	45749	916	98	2	18	QLD	25	4
33800	Hinchinbrook (S)	11551	944	204	4	37	QLD	41	6
33830	Hope Vale (S)	988	678	21	1	4	QLD	10	2
33960	Ipswich (C)	166866	960	253	5	45	QLD	47	7
33980	Isaac (R)	22568	1028	466	9	83	QLD	71	10
34420	Kowanyama (S)	1030	644	9	1	2	QLD	7	1
34570	Lockhart River (S)	488	713	24	1	5	QLD	13	2
34580	Lockyer Valley (R)	34949	938	175	4	31	QLD	38	6
34590	Logan (C)	278080	965	279	5	50	QLD	51	7
34710	Longreach (R)	4196	983	355	7	63	QLD	59	8
34770	Mackay (R)	112812	1007	424	8	76	QLD	68	10
34800	McKinlay (S)	1056	1001	412	8	73	QLD	64	9
34830	Mapoon (S)	264	740	29	1	6	QLD	15	3
34860	Maranoa (R)	13078	989	383	7	68	QLD	62	9
35010	Moreton Bay (R)	377992	999	406	8	72	QLD	63	9
35250	Mornington (S)	1139	669	15	1	3	QLD	9	2
35300	Mount Isa (C)	21237	986	372	7	66	QLD	61	9
35600	Murweh (S)	4613	947	221	4	40	QLD	44	6
35670	Napranum (S)	854	602	6	1	2	QLD	5	1
35760	North Burnett (R)	10128	917	104	2	19	QLD	28	4

35780	Northern Peninsula Area (R)	2299	750	30	1	6	QLD	16	3
35790	Palm Island (S)	2339	650	11	1	2	QLD	8	2
35800	Paroo (S)	1865	905	73	2	13	QLD	20	3
36070	Pormpuraaw (S)	663	687	22	1	4	QLD	11	2
36150	Quilpie (S)	969	941	187	4	34	QLD	39	6
36250	Redland (C)	138641	1030	469	9	84	QLD	72	10
36300	Richmond (S)	826	964	273	5	49	QLD	50	7
36360	Rockhampton (R)	109369	966	282	5	50	QLD	52	7
36510	Scenic Rim (R)	36427	979	338	6	60	QLD	56	8
36580	Somerset (R)	21654	932	148	3	27	QLD	33	5
36630	South Burnett (R)	31006	914	94	2	17	QLD	23	4
36660	Southern Downs (R)	33850	929	130	3	24	QLD	30	5
36710	Sunshine Coast (R)	306889	1001	413	8	74	QLD	65	9
36810	Tablelands (R)	43762	932	149	3	27	QLD	34	5
36910	Toowoomba (R)	151215	980	347	7	62	QLD	58	8
36950	Torres (S)	3255	910	87	2	16	QLD	22	3
36960	Torres Strait Island (R)	4243	729	27	1	5	QLD	14	2
37010	Townsville (C)	174464	1002	415	8	74	QLD	66	9
37300	Weipa (T)	3341	1049	501	9	89	QLD	73	10
37310	Western Downs (R)	31610	963	269	5	48	QLD	49	7
37340	Whitsunday (R)	31393	966	283	6	51	QLD	53	8
37400	Winton (S)	1338	931	139	3	25	QLD	32	5
37550	Woorabinda (S)	942	592	5	1	1	QLD	4	1
37570	Wujal Wujal (S)	269	697	23	1	5	QLD	12	2
37600	Yarrabah (S)	2406	554	1	1	1	QLD	1	1

8.4 Financial Sustainability Risk Assessment: Queensland Indigenous Councils - Queensland Audit Office, Annual Audits of Local Government Entities

Council	Results at end of	Results at end of	Results at end of	Results at end of
	2012-13	2013-14	2014-15	2015-16
Aurukun Shire Council	Moderate	Moderate	Moderate	Lower
Cherbourg Aboriginal Shire Council	Higher	Higher	Higher	Higher
Doomadgee Aboriginal Shire Council	Higher	Higher	Moderate	-
Hope Vale Aboriginal Shire Council	Lower	Lower	Lower	Lower
Kowanyama Aboriginal Shire Council	-	-	-	Higher
Lockhart River Aboriginal Shire Council	Higher	Higher	Moderate	Moderate
Mapoon Aboriginal Shire Council	Higher	Higher	Higher	Higher
Mornington Shire Council	Higher	Higher	-	Higher
Napranum Aboriginal Shire Council	Moderate	Moderate	Moderate	Higher
Northern Peninsula Area Regional Council	Higher	-	-	-
Palm Island Aboriginal Shire Council	Higher	Higher	Moderate	Moderate
Pormpuraaw Aboriginal Shire Council	Higher	Higher	Higher	Higher
Torre Shire Council	Lower	-	Moderate	Moderate
Torres Strait Island Regional Council	Higher	Higher	Higher	Higher
Woorabinda Aboriginal Shire Council	Higher	Moderate	Moderate	-
Wujal Wujal Aboriginal Shire Council	-	-	-	-
Yarrabah Aboriginal Shire Council	Higher	Higher	Higher	Higher
Indigenous Councils – Combined Risk Assessment	Higher	Higher	Higher	Higher

Note: -

1. *Higher Risk:- there is a higher risk of sustainability issues arising in the short to medium term if current operating income and expenditure policies continue, as indicated by average operating deficits (losses) of more than 10 percent of operating revenue*
2. *Moderate Risk:- there is a moderate risk of sustainability issues over the longer term if current debt financing and capital investment policies continue, as indicate by:*
 - *Current net financial liabilities more than 80 percent of operating revenue, or*
 - *Average asset sustainability ratio less than 50 percent, or*
 - *Average operating deficits (Losses) of more than 2 percent of operating revenue, or*
 - *Realising two or more of the ratios per the moderate risk assessment*
3. *Lower Risk:- there is a lower risk of financial sustainability concerns based on current income, expenditure, asset investment, and debt financing policies.*

8.5 Revenue Ratio - the percentage of a council's total operating income (excluding items like capital grants) that is derived from rates and charges

Indigenous Councils	Revenue Ratio - 2015-16	Revenue Ratio - 2014-15	Revenue Ratio - 2013-14
Aurukun Shire Council	3.8%	1.8%	3.20%
Cherbourg Aboriginal Shire Council	0.0%	N/A	N/A
Doomadgee Aboriginal Shire Council	4.3%	5.9%	3.80%
Hope Vale Aboriginal Shire Council	0.0%	0.0%	N/A
Kowanyama Aboriginal Shire Council	N/A	N/A	N/A
Lockhart River Aboriginal Shire Council	0.7%	0.9%	1.40%
Mapoon Aboriginal Shire Council	0.0%	0.0%	N/A
Mornington Shire Council	11.2%	4.6%	8.90%
Napranum Aboriginal Shire Council	0.0%	0.0%	0.00%
Northern Peninsula Area Regional Council	5.7%	7.0%	N/A
Palm Island Aboriginal Shire Council	2.3%	0.0%	0.20%
Pormpuraaw Aboriginal Shire Council	2.0%	1.6%	1.20%
Torres Strait Island Regional Council	2.0%	1.7%	1.90%
Woorabinda Aboriginal Shire Council	N/A	N/A	0.00%
Wujal Wujal Aboriginal Shire Council	0.0%	0.0%	0.00%
Yarrabah Aboriginal Shire Council	3.7%	5.4%	5.20%
Average Revenue Ratio for Indigenous Segment	2.75%	2.36%	2.29%
Torres Shire Council	33.4%	30.0%	28.90%

Note: N/A - Data has not been received from council

Source: DILGP Comparative Data Sets

8.6 The LGAQ Council Cost Index 2017

The LGAQ Council Cost Index 2017 has been calculated at +1.74%. The LGAQ Council Cost Index is a composite index collated to represent the average cost increases experienced by councils over the previous 12 months (Dec to Dec quarters). The LGAQ CCI 2016 was +1.9%.

The LGAQ Council Cost index (CCI) provides a measure of the average cost increases experienced by councils across the State. A comparable average revenue increase would be necessary to maintain current levels of service before provision for growth, irregular maintenance and capital replacement. An additional increase in own-source revenue will be necessary if all other revenues (viz. grants) do not also increase at least in line with costs.

The Australian Federation's fiscal arrangements mean that Federal, State and Territory governments together collect approximately 97% of all public revenue (ABS 5512). Fiscal redistribution is an inevitable consequence of this pattern of revenue collection. Councils will be aware of the 'freeze' on indexation of the Financial Assistance Grants for the three years from 2014-15 and the need to consider the lower relative contribution made by Financial Assistance Grants. The Commonwealth has written the Queensland Government confirming that indexation is to be re-applied from 2017-18 (to the 2016-17 allocation).

Since 2005 the LGAQ has published a CCI to provide a more appropriate indicator of cost increases across the range of services and infrastructure delivered by local government, compared with the CPI which represents a basket of household goods and services.

The LGAQ refined the method for calculating the CCI over recent years, drawing on the composition of Queensland local government expenditure and indexes in other jurisdictions which confirmed the inclusion of wage costs, road and bridge costs and the CPI as the most relevant elements used in calculating local government cost indexes.

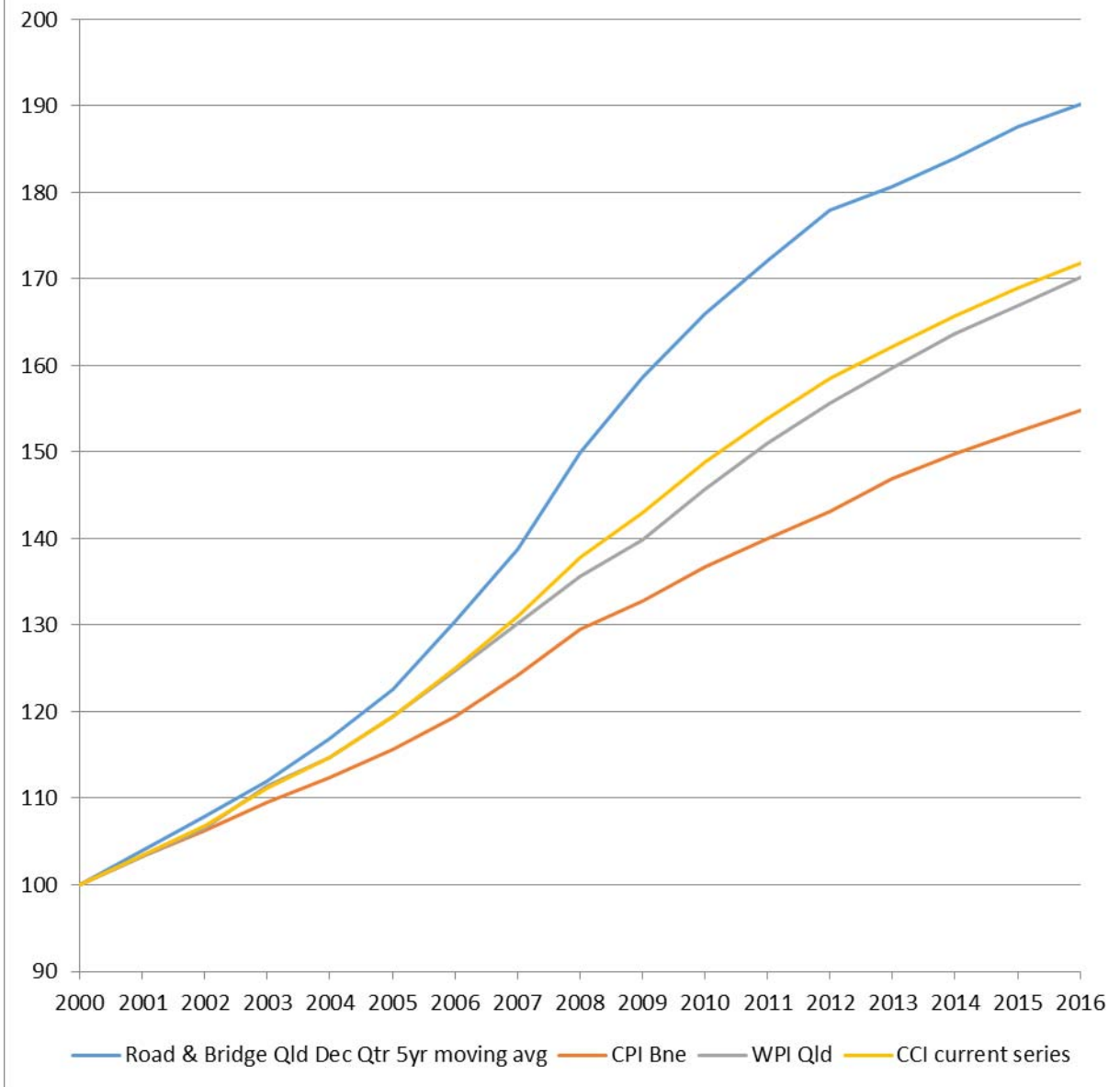
In Queensland, ABS data for recent years shows that local government employee costs represent about 44% of total operating expenses (excluding depreciation), and roads and transport outlays are around 30% of expenditure (ABS 5512).

From the 2013 release, the LGAQ CCI for Queensland local government has included three weighted components: the wage price index (50%), the ABS road and bridge construction index (30%) and the CPI for Brisbane (20%) to represent general consumables.

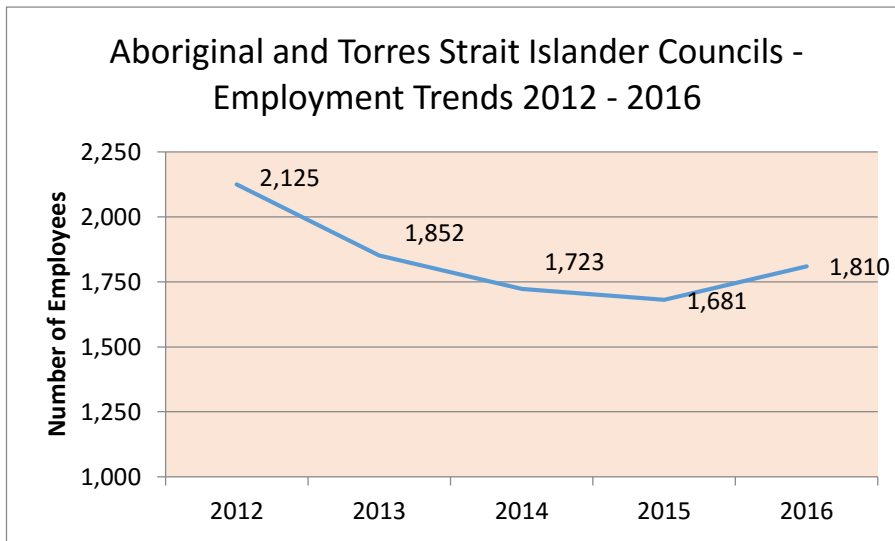
Recent data for the road and bridge index displayed significant volatility and movements in some periods did not reflect the actual cost increases experienced by councils. To address this problem, a five year moving average has been applied to the road and bridge index.

While the LGAQ Council Cost Index provides a measure of the average cost increases experienced by councils across the State, the mix of construction and non- construction activity will vary from council to council and there will also be regional variations. For example, road and bridge construction costs may have increased by a higher rate in some parts of the State compared with the average. Local circumstances and markets will need to be considered by each council when determining the required level of rates and other charges necessary to provide the community's desired levels of service and standards of infrastructure.

**Fig.1 Movement in Selected Cost Indexes
Year ending December Quarter (ABS data)**



8.7 LGAQ Annual Workforce Census Data, June 2016



8.8 Lockhart River Aboriginal Shire Council – Grant Funding Schedule

LOCKHART RIVER ABORIGINAL SHIRE COUNCIL GRANT FUNDING SCHEDULE

		2016	2017	
		\$	\$	Admin charges notes
Commonwealth government grants				
Type	Department of Education and Training			
Operating	<i>Outside School Care</i>	150,028	163,913	15%
	Total - DOEAT grants	150,028	163,913	
Department of the Prime Minister and Cabinet				
Operating	<i>Family Support Services</i>	94,202	74,726	15%
Operating	<i>Community Radio</i>	30,195	15,098	n/a
Operating	<i>Business Development-Peninsula Business Alliance</i>	47,000	-	n/a
	Total - DOTPAC grants	171,397	89,824	
Department of Health				
Operating	<i>Indigenous Primary Health Care Services</i>	200,271	100,136	15%
Operating	<i>National Job Creation Package</i>	35,398	36,035	n/a
Operating	<i>Commonwealth Home Support Programme(CHSP)</i>	175,163	159,160	15%
Operating	<i>HACC - Transition Costs</i>	15,000	-	n/a
	Total - DOHAA grants	425,832	295,331	
Department of Infrastructure and Transport				
Capital	<i>Regional Aviation Access Program (RAAP)</i>	183,000	-	n/a
Capital	<i>Roads to Recovery (R2R)</i>	286,459	137,538	n/a
	Total - DIT grants	469,459	137,538	
Department of Human Services				

Operating	Centrelink Agency Services	59,860	51,129	15%
	Total - DOHS grants	59,860	51,129	
	Total - Commonwealth government	1,276,576	737,734	
	State government grants			
	Dept of Infrastructure, Local Government and Planning			
Operating	State Government Financial Aid	1,206,790	1,206,790	n/a
Operating	Indigenous Economic Development	88,000	80,000	n/a
Operating	Revenue Replacement Program	98,900	98,900	n/a
Operating	Fiscal Equalisation Grant	1,431,008	1,105,048	n/a
Operating	Identified Roads Grant	98,025	73,918	n/a
Operating	Service Delivery Fund	20,500	-	n/a
Operating	GraffitiSTOP	1,960	-	n/a
Operating	Get Ready Queensland	5,166	-	n/a
Capital	Community Resilience Funding	1,249,153	2,921,041	project management allowed
	Total - DOILGAP Grants	4,199,502	5,485,696	
	Department of State Development			
Capital	Royalties For Regions (R4R)-Runway Rehabilitation	1,682,640	3,645,720	project management allowed
Capital	Water Park Project	-	80,000	n/a
	Total - DOSD grants	1,682,640	3,725,720	
	Department of Justice and Attorney-General			
Operating	Local Justice Initiatives Program	70,000	101,000	10%
	Total - DOJAAG grants	70,000	101,000	
	Queensland Reconstruction Authority			
capital/operating	NDRRA - Restoration Works	6,050,225	7,365,659	project management allowed

	Total NDRRA	6,050,225	7,365,659	
	Dept of Emergency Services			
Operating	<i>State Emergency Services</i>	14,662	13,442	<i>n/a</i>
	Total - DOES grants	14,662	13,442	
	Department of Communities, Child Safety and Disability Services			
Operating	<i>YARI/ Youth At Risk</i>	173,234	125,286	<i>15%</i>
Operating	<i>Community Care (HACC Operations)</i>	40,152	243,479	<i>15%</i>
Operating	<i>Mens' Support Services</i>	59,156	91,122	<i>15%</i>
	Total - DSDQ grants	272,542	459,887	
	Queensland Health			
Operating	<i>Environmental Health & Animal Control</i>	157,906	158,786	<i>15%</i>
	Total - QH grants	157,906	158,786	
	Department of Housing and Public Works			
Operating	<i>Paytham Women's Shelter</i>	274,819	223,679	<i>15%</i>
	Total - DOCCSADS grants	274,819	223,679	
	Department of Transport and Main Roads			
Capital	<i>ATSI TIDS -Improve Drainage- Main Access Road</i>	2,075,247	376,953	<i>project management allowed</i>
Capital	<i>ATSI TIDS - Airport Bridge</i>	47,029	-	<i>project management allowed</i>
	Total - DTAMR grants	2,122,276		
	Department of Education and Training			
Operating	<i>Skilling Queenslander-First Start Program</i>	37,500	-	<i>n/a</i>
	Total - DOEAT grants	37,500		

	State Library of Queensland		
Operating	<i>Indigenous Knowledge Centre Grant</i>	9,243	- n/a
	Total - SLOQ grants	<u>9,243</u>	<u>-</u>
	Total - State government	<u>14,891,314</u>	<u>17,533,870</u>
	Total grants	<u>16,167,890</u>	<u>18,271,604</u>