

# 2010 Indigenous Expenditure Report

Overview

*Steering Committee  
for the Review of  
Government  
Service Provision*

Estimates in this report are superseded  
by the 2008-09 estimates in the  
*2012 Indigenous Expenditure Report*

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*The Steering Committee welcomes suggestions on the definitions and guidelines contained in this report. Please direct your suggestions to the Productivity Commission Secretariat at the above address.*

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# Foreword

The Council of Australian Governments (COAG) agreed in December 2007 to report transparently on expenditure on services for Indigenous Australians. Since then, the Indigenous Expenditure Report has been developed by a Steering Committee that includes all of the Treasuries; and the Productivity Commission as the Steering Committee's Secretariat.

As Chair of the Indigenous Expenditure Report Steering Committee, I am pleased to present the first Indigenous Expenditure Report for endorsement by COAG.

The report provides, for the first time, comprehensive and comparable information on expenditure on both Indigenous specific services and the estimated Indigenous share of mainstream services by the Australian, State and Territory governments.

Estimating the Indigenous share of expenditure on mainstream services is a complex task that was new to most jurisdictions. As a consequence, the data reported will be subject to a process of continual improvement. Priority areas of improvement are highlighted in the Report.

The framework for the Report is aligned to the seven Closing the Gap building blocks: early childhood; schooling; health; economic participation; healthy homes; safe communities; and governance and leadership.

The Indigenous Expenditure Report complements other reporting initiatives such as the Overcoming Indigenous Disadvantage Report, which provides information about the disparities in outcomes for Indigenous Australians, and the Report on Government Services. These reports, together with reporting on the National Indigenous Reform Agreement and Partnerships through COAG, will help governments at all levels to better assess the effectiveness of their expenditure on Indigenous Australians.

Peter Robinson

Chair, Indigenous Expenditure Report Steering Committee

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# Steering Committee

At 2 September 2010, the membership of the Indigenous Expenditure Report Steering Committee comprised:

|                                |   |
|--------------------------------|---|
| Mr Peter Robinson (Chair)      | Commonwealth Department of the Treasury   |
| Mr Stephen Powrie              | Commonwealth Department of Families,<br>Housing, Community Services and Indigenous<br>Affairs |
| Mr Michael van Rosmalen        | New South Wales Treasury  |
| Ms Athena Andriotis            | Victorian Department of Treasury and Finance  |
| Dr Grant Woollett              | Queensland Treasury   |
| Ms Marny Marsh                 | Western Australian Department of Treasury and<br>Finance                                      |
| Ms Katrina Ball                | South Australian Department Treasury and<br>Finance   |
| Mr Alex Tay                    | Tasmanian Treasury  |
| Mr Bruce Michael               | Northern Territory Treasury   |
| Ms Helen Hill                  | Australian Capital Territory Treasury   |
| Mr Garth Bode                  | Australian Bureau of Statistics   |
| Mr Ian Crettenden              | Australian Bureau of Statistics   |
| Dr Penny Allbon                | Australian Institute of Health and Welfare  |
| Ms Catherine Hull              | Commonwealth Grants Commission  |
| Ms Natasha Firth               | Ministerial Council for Aboriginal and Torres<br>Strait Islander Affairs                      |
| Mr Lawrence McDonald           | Productivity Commission   |
| Mr Danny Forwood (Secretariat) | Productivity Commission   |

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# Terms of reference

*The following terms of reference were endorsed by the Council of Australian Governments at its 2 July 2009 meeting in Darwin.*

The Indigenous Expenditure Report aims to contribute to better policy making and improved outcomes for Indigenous Australians, by:

1. reporting on expenditure on services which support Indigenous Australians, including in a manner consistent with the COAG Working Group on Indigenous Reform statement of objectives, outcomes and measures and the COAG Overcoming Indigenous Disadvantage report framework.
2. promoting the collection and reporting of robust Indigenous expenditure data through:
  - (a) determining and applying consistent methodology to the collection and reporting of data
  - (b) identifying necessary improvements to the collection and availability of relevant data
  - (c) developing and implementing strategies to address data deficiencies.

The Indigenous Expenditure Report will:

3. include expenditure by both Commonwealth and State/Territory governments (and local government if possible), and over time will:
  - (a) allow reporting on Indigenous and non-Indigenous social status and economic status
  - (b) include expenditure on Indigenous-specific and key mainstream programs
  - (c) be reconcilable with published government financial statistics.
4. focus on on-the-ground services in areas such as: education; justice; health; housing; community services; employment; and other significant expenditure.
5. report on a regular basis, including:
  - (a) completion of an initial ‘stocktake’ report for the first COAG meeting in 2009, setting out the reporting framework, principles, methodology, and survey of available data and strategies for data development

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- (b) staged reporting against the framework (having regard to considerations such as data availability, implementation requirements and costs of reporting)
  - (c) report on both Indigenous and non-Indigenous expenditure.
6. provide governments with a better understanding of the level and patterns of expenditure on services which support Indigenous Australians, and provide policy makers with an additional tool to target policies to Close the Gap in Indigenous Disadvantage.

The Indigenous Expenditure Report Steering Committee will:

7. provide regular updates to Heads of Treasuries on progress in developing the expenditure framework and to the Working Group on Indigenous Reform on progress on data issues
8. recommend to Heads of Treasuries appropriate institutional arrangements for annual reporting on Indigenous expenditure once the framework for reporting has been developed.

## Key points

- Significant gaps in outcomes persist between Indigenous and non-Indigenous Australians, across a number of areas including health, educational attainment and economic participation.
- However, there is limited information available on the levels and patterns of expenditure relating to Indigenous Australians, to support government commitments to overcome Indigenous disadvantage. This report represents *a first step* toward estimating this expenditure.
- This report presents the considered and collective estimates of the jurisdictions, but many data quality and methodological challenges remain to be resolved in future reports. Estimated total Indigenous expenditure comprises three components:
  - expenditure on services that are targeted to Indigenous Australians, which can be identified directly, and is highly reliable (23 per cent of total Indigenous expenditure)
  - expenditure *estimated* on the basis of direct use of services (such as the number of Indigenous students attending school), which is conceptually robust but can be affected by data limitations (54 per cent of total Indigenous expenditure)
  - expenditure *estimated* on the basis of the share of Indigenous Australians in the community (such as defence or the operation of parliaments), which is still conceptually robust, but involves a weaker conceptual link between individual Indigenous Australians and the cost of providing services (23 per cent of total Indigenous expenditure). However, this expenditure is not a focus of the report.
- Expenditure on services related to Indigenous Australians can be expected to be greater than for non-Indigenous Australians, given their significant relative disadvantage, more intensive use of services, and greater cost of provision (because of factors such as higher representation of the Indigenous population in remote areas).
- Total Indigenous expenditure in 2008-09 is estimated to be \$21.9 billion or 5.3 per cent of total general government expenditure. Indigenous Australians make up 2.5 per cent of the population.
- Estimated expenditure per head of population was \$40 228 for Indigenous Australians, compared with \$18 351 for non-Indigenous Australians (a ratio of 2.2:1). The difference reflects the combined effect of:
  - *more intensive use of mainstream services* — reflecting the greater level of disadvantage of Indigenous Australians — accounted for 53.8 per cent (\$11 762) of the difference
  - *provision of Indigenous specific services* — complementing, or as a substitute for, mainstream services — accounted for 42.6 per cent (\$9309) of the difference
  - *differences in the cost of providing mainstream services* accounted for 3.7 per cent (\$807) of the difference. Further research into the size and sources of cost differences is a key priority for future reports.
- When combined with other information, the estimates in this report have the potential to contribute to a better understanding of the adequacy, effectiveness and efficiency of government expenditure and services relating to Indigenous Australians.



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# Overview

This *Indigenous Expenditure Report* is the first in a series. It provides *estimates* of government expenditure on services related to Indigenous and non-Indigenous Australians. These estimates are one element of the evidence base that policy makers need to gain a clearer picture of the impact of government expenditure on Indigenous Australians.

Estimating the Indigenous component of expenditure — especially for mainstream services — is a complex exercise with little precedent in the literature. While this report presents the best collective effort of the jurisdictions, there are many data quality and methodological challenges that are yet to be resolved, and this report should be interpreted as a *first step*. It is likely to take time, and the continuing cooperation of governments and data agencies, before all estimates achieve levels of reliability that enable meaningful reporting for all expenditure areas.

## Background

Despite the commitment of significant government expenditure over many years, disparities between outcomes for Indigenous and non-Indigenous Australians persist. For example, the gap between Indigenous and non-Indigenous life expectancy at birth was 11.5 years for males and 9.7 years for females for 2005-2007.<sup>1</sup> Similarly, the 2010 Closing the Gap Prime Minister's Report notes that:

Indigenous children in Western Australia, South Australia and the Northern Territory were 3.6 times more likely to die before they reached the age of five than non-Indigenous children. Almost one in 10 dwellings in remote and very remote Indigenous communities was in need of major repair or replacement. In 2006, only 47.4 per cent of Indigenous young people had attained Year 12 or equivalent. The employment gap between Indigenous and non-Indigenous Australians aged 15–64 years stood at around 21 percentage points in 2008.<sup>2</sup>

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<sup>1</sup> Steering Committee for the Review of Government Service Provision 2009, *Overcoming Indigenous Disadvantage: Key Indicators 2009*, Productivity Commission, Canberra, p. 4.4.

<sup>2</sup> Australian Government 2010, *Closing the Gap Prime Minister's Report 2010*, Canberra, p. 1.

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The reasons for these persistent gaps are complex, arising from a mix of historical, social and economic causes. Yet there is limited information with which to assess the adequacy, effectiveness and efficiency of expenditure on programs aimed at addressing these disparities.

At its December 2007 meeting, the Council of Australian Governments (COAG) committed to transparent reporting on government expenditure on services related to Indigenous Australians. The Ministerial Council for Federal Financial Relations progressed this commitment by establishing the Indigenous Expenditure Report Steering Committee (the Steering Committee) to develop a national framework for collecting and reporting government expenditure on services related to Indigenous and non-Indigenous Australians.

### **What do the terms of reference require?**

The terms of reference endorsed by COAG at its 2 July 2009 meeting require that the Indigenous Expenditure Report contribute to governments' understanding of the level and patterns of expenditure on services that relate to Indigenous Australians, and provide policy makers with an additional tool for targeting policies to Close the Gap in Indigenous disadvantage, by:

- *reporting regularly on a broad range of government expenditure* — including Australian, State and Territory government expenditure on Indigenous-specific and key mainstream services related to Indigenous and non-Indigenous Australians
- *emphasising policy relevant expenditure* — in particular, a focus on on-the-ground services (such as education, justice, health, housing, community services, and employment), that can be related to National Indigenous Reform Agreement and Overcoming Indigenous Disadvantage report frameworks.

A key role of the Steering Committee, particularly in this first report, is to identify data gaps and develop strategies for more robust reporting over time. The report terms of reference are provided on page VI.

### **How will this report contribute to the Indigenous reform agenda?**

In 2008, COAG agreed to the following targets to Close the Gap in Indigenous outcomes:

- closing the life expectancy gap within a generation

- 
- halving the gap in mortality rates for Indigenous children under five within a decade
  - ensuring all Indigenous four years olds in remote communities have access to early childhood education within five years
  - halving the gap for Indigenous students in reading, writing and numeracy within a decade
  - halving the gap for Indigenous students in Year 12 attainment or equivalent attainment rates by 2020
  - halving the gap in employment outcomes between Indigenous and non-Indigenous Australians within a decade.

To achieve these targets, governments agreed to focus their efforts on seven ‘building blocks’ (or strategic areas for action): *early childhood; schooling; health; economic participation; healthy homes; safe communities; and governance and leadership.*

The Indigenous Expenditure Report has been framed against these building blocks and attempts to provide governments and policy makers with a clearer picture of their expenditure in areas that are the key to overcoming Indigenous disadvantage.

The Indigenous Expenditure Report represents one element of the evidence base policy makers need. When combined with other information, it has the potential to:

- *contribute to the assessment of expenditure against need* — such an assessment could entail analysis of relative levels of disadvantage of Indigenous Australians compared to expenditure
- *provide a financial framework within which cost-effectiveness studies may be undertaken* — such studies could entail analysis of expenditure, unit costs and outcomes for programs that support Indigenous Australians
- *improve monitoring of progress of Indigenous reform initiatives* — such monitoring could entail the presentation of information about the level and pattern of resources devoted to Closing the Gap initiatives.

The Overcoming Indigenous Disadvantage report has previously identified the value of expenditure data on services for Indigenous Australians.

For these and other potential applications, linking expenditure with outcomes at a high level can draw attention to areas where more detailed development and

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analysis is needed (but is not itself a replacement for detailed evaluation).<sup>3</sup> Much more work is also necessary to improve understanding of the linkages between individual programs under each of the building blocks and their ultimate impact on outcomes (recognising that initiatives under any particular building block can have impacts on the outcomes associated with other building blocks).

This report does not aim to replicate work being done elsewhere. It is designed to contribute information that is not available through other reporting exercises, by:

- *complementing reporting on Indigenous outcomes* — by aligning reporting on expenditure with the National Indigenous Reform Agreement and Overcoming Indigenous Disadvantage report outcome frameworks
- *supplementing other reporting on expenditure* — by providing an Indigenous dimension to expenditure data collected under the Australian Bureau of Statistics (ABS) Government Finance Statistics framework.

Over time and as data reliability improves, the information in this report could also provide an input into the Commonwealth Grants Commission's GST revenue sharing recommendations, by providing alternative measures of the relative cost of providing services to Indigenous and non-Indigenous Australians.

## **How does the report identify Indigenous expenditure?**

Government services related to Indigenous Australians are provided through a combination of Indigenous specific (targeted) and mainstream (available to all Australians) services. The combination of Indigenous specific and mainstream services varies across jurisdictions, reflecting different service delivery contexts and each government's assessment of the most appropriate method of meeting Indigenous needs.<sup>4</sup>

Expenditure on targeted (Indigenous specific) services can generally be assumed to relate exclusively to Indigenous Australians. The proportion of expenditure on

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<sup>3</sup> Depending on the scope of the analysis, assessment of outcomes for Indigenous Australians might also have to take account of non-government sector activities that complement government services and resources.

<sup>4</sup> There is a lack of research into the relative effectiveness and efficiency of targeted and mainstream services for addressing Indigenous disadvantage. The mix of Indigenous specific and mainstream services represents the choices of government, and can be influenced by many factors including the service delivery setting. The relative benefit of each type of program should be considered on its own merits, including whether it meets the needs of clients.

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mainstream services that relates to services to Indigenous Australians is often not recorded systematically, and has been estimated for the purpose of this report.

The Indigenous Expenditure Report approach to estimating the expenditure related to services to Indigenous Australians involves two stages (figure 1):

1. identify total expenditure by service area, and where applicable, total expenditure for Indigenous specific programs and services
2. prorate (or allocate) mainstream (that is, non-Indigenous specific) expenditure between Indigenous and non-Indigenous Australians.

### **Allocating expenditure to service areas allows mapping to outcomes**

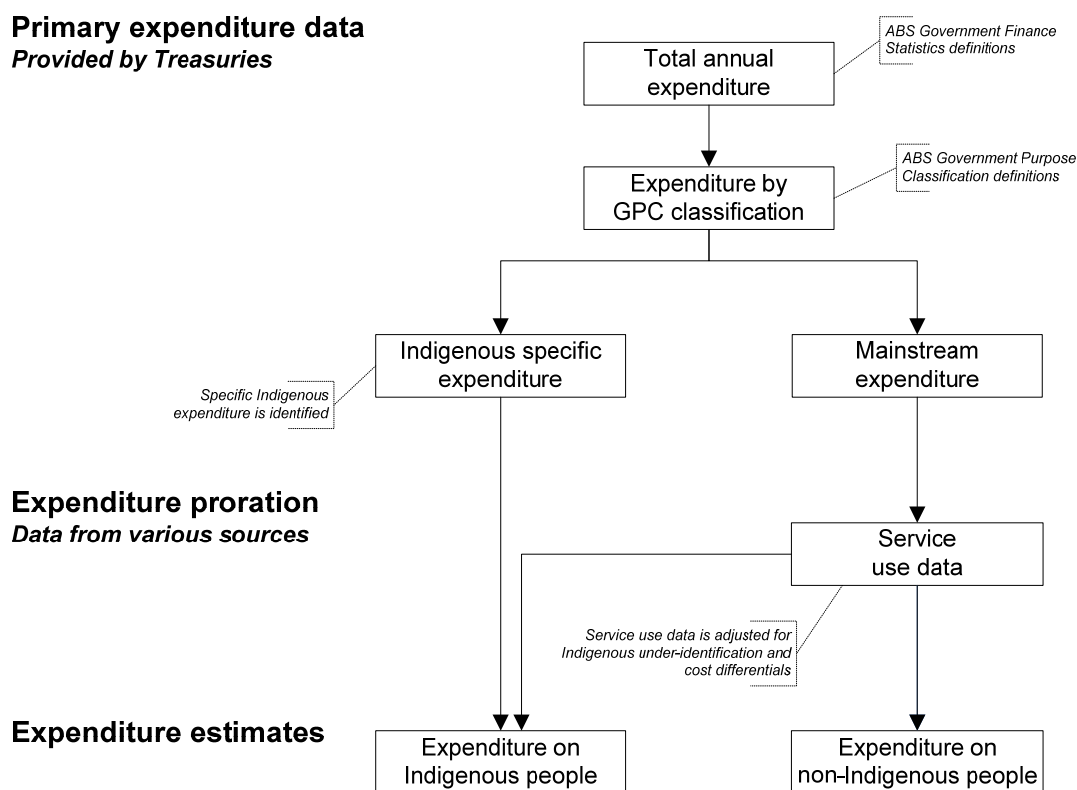
In this report, Australian, State and Territory government total, Indigenous specific and mainstream expenditure are allocated to service areas in accordance with the ABS Government Purpose Classification (GPC) guidelines.<sup>5</sup> This allows a high level mapping of expenditure to the National Indigenous Reform Agreement and Overcoming Indigenous Disadvantage report framework building blocks, which equate, in the broad, to services on the ground envisaged by the report's terms of reference:

- *early child development* — expenditure related to basic skills for life and learning includes expenditure on childcare and preschool, which can be readily identified through the GPC (chapter 3)
- *education and training* — total expenditure related to school, TAFE and university education can be readily identified through the GPC (chapter 3)
- *healthy lives* — expenditure on health services can be identified through the GPC (chapter 4)
- *economic participation* — expenditure on employment and labour market services and social security can be identified through the GPC (chapter 5)
- *home environment* — expenditure on many home environment services, such as housing, can be identified through the GPC (chapter 6)
- *safe communities* — expenditure on safe communities, such as justice can be identified through the GPC (chapter 7)

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<sup>5</sup> Although jurisdictions have experience reporting expenditure under the GPC, the allocation of expenditure to classifications can vary across jurisdictions. The data in this report are the best available, but might not be fully comparable, particularly at more detailed levels of disaggregation.

Figure 1 **Estimating Indigenous expenditure**



- *governance and leadership* — while expenditure related to promoting community engagement through participation in recreational and cultural activities is readily identifiable (chapter 7), expenditure on governance and leadership generally do not involve large programs or significant expenditure, and are difficult to identify under the GPC framework.

To achieve complete coverage across government expenditure, chapter 8 presents estimates for the GPC categories that do not directly relate to any of the building blocks (although some expenditure in these categories does contribute to the Indigenous reform agenda — for example, the activities of statistical agencies).

### **The Indigenous share of mainstream expenditure must be estimated**

The proportion of mainstream expenditure on services that is related to Indigenous Australians is estimated according to the effect that Indigenous Australians have on service costs.<sup>6</sup> Measures of service use (such as the proportion of enrolled students

<sup>6</sup> A comparison of ‘cost drivers’ versus ‘service user benefits’ approaches is provided in chapter 1, box 1.2.

who are Indigenous) provide proxies of the distribution of costs (expenditure) between Indigenous and non-Indigenous Australians. Where possible, the service use measures have been adjusted for:

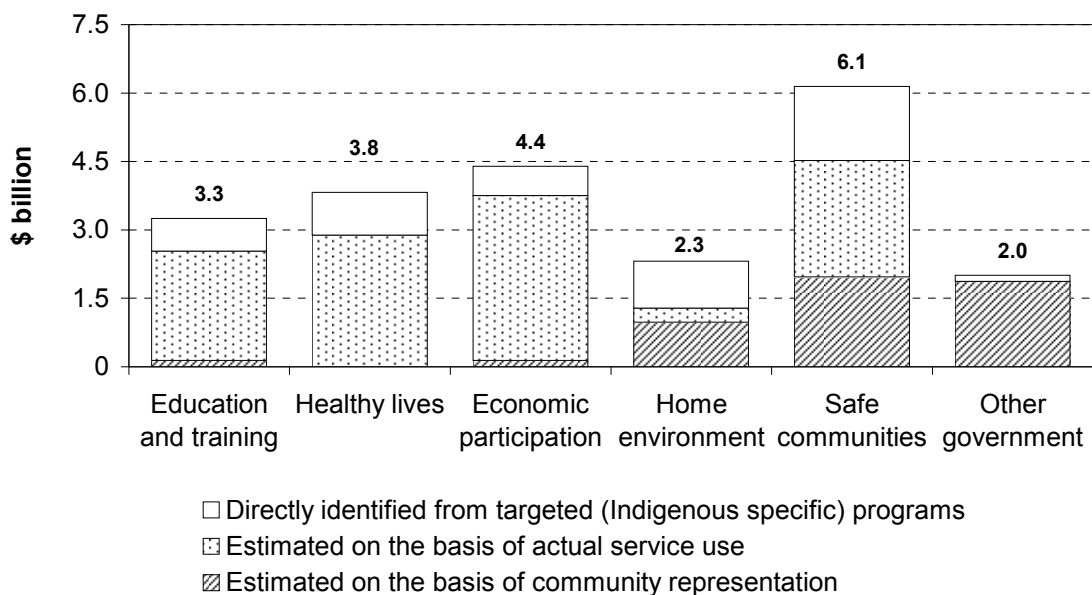
- *under-identification* — the degree to which Indigenous service users are not identified as Indigenous
- *cost differentials* — the difference in the average cost of providing services to Indigenous and non-Indigenous Australians.

### How reliable is the method?

A general guide to the reliability of the method is provided by considering the three components that are combined to estimate total Indigenous expenditure (figure 2):

- *directly identified expenditure* — where expenditure on targeted (Indigenous specific) services and programs can be directly identified, it does not need to be estimated. This component of total Indigenous expenditure is reliable (however jurisdictions may not have been able to identify all targeted services)

Figure 2 **Components of estimated expenditure related to Indigenous Australians, 2008-09<sup>a</sup>**



<sup>a</sup> As a general guide, expenditure that is directly identified from targeted (Indigenous specific) programs can be considered highly reliable; expenditure that is estimated from actual service use can be considered to be conceptually reliable, but is subject to the limitations of data quality; and expenditure that is estimated on the basis of the Indigenous representation in the community, can be considered as the best estimate available but is less likely to reflect closely the relationship between individual Indigenous Australians and the expenditure.

Source: Indigenous Expenditure Report Steering Committee analysis, chapter 2, table 2.1.

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- *estimated on the basis of actual service use* — where expenditure is estimated on the basis of actual service use, there is likely to be a closer relationship between Indigenous Australians (as service users) and the cost of providing services. These estimates are conceptually robust, but can have limitations where data quality is low
  - *estimated on the basis of share of population* — where expenditure is estimated on the basis of the representation of Indigenous Australians in the population (because it is difficult to identify specific users or the services are collectively consumed), there is not likely to be a direct relationship between individual Indigenous Australians and the cost of providing services. These estimates are still conceptually robust, but are less likely to have day-to-day significance to an individual Indigenous person or community.

### **Consultation contributed to the method's reliability**

Consultation during the development of the first report included: direction by a diversely based Steering Committee; linkages with parallel exercises (such as the Overcoming Indigenous Disadvantage report, which has specific experience in reporting on Indigenous issues); and consultation embodied in existing data collections (for example, in many cases data collected by the ABS and AIHW embody significant consultation, including with Indigenous Australians).

The Steering Committee held a series of consultation sessions in each jurisdiction with government (and Indigenous stakeholders in some jurisdictions) to provide information on the project and gather feedback on the proposed method (appendix B). Following the release of this report, further consultation will be undertaken with government and Indigenous stakeholders.

### **Care should be exercised when interpreting estimates**

Estimating the share of government expenditure on services related to Indigenous Australians is not straightforward. This has not been attempted at a national level in any systematic manner in the past, and this initial report is a *first step* towards producing more robust data over time.

The method, sources and quality of data, and variations in factors influencing service delivery all have implications for how the estimates presented in this report should be interpreted.



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## The method has implications for how the data can be used

The method applied in this report involves a number of assumptions that have implications for how the estimates should be interpreted.

*General reliability of a top-down cost driver based method* — Indigenous expenditure estimates are likely to be more robust where services:

- *are more homogeneous* — because it is easier to identify a robust service use measure; for example, health services are generally provided through a complex case-mix approach and are less homogeneous than unemployment benefits
- *are closely aligned with cost-centres and administrative portfolios* — because it is easier for jurisdictions to allocate expenditure; for example, education services are generally aligned with an education department, whereas juvenile justice services involve initiatives from a broad range of agencies and portfolios
- *have direct interaction with individuals* — because the link between individuals and service costs is more strongly defined; for example, school students have strong links with education costs, compared to community and environment services that provide infrastructure that people may or may not use.

*Issues associated with the definition and scope of expenditure* — under the approach used for this report, the expenditure estimates:

- *do not represent the full cost of services* — this report defines expenditure as the expenses of the general government sector, which excludes some government expenditure (such as government trading enterprises, local government expenditure and tax expenditure) and private expenditure (including expenditure by private not-for-profit and for-profit agencies, and the private contributions of individual service users and their families)
- *do not necessarily represent the net cost to government* — no adjustments have been made for user charges or cost recovery by governments for the services they provide
- *are not the same as cash-flow and may not equate to policy commitments* — recorded expenditure does not necessarily equate to the flow or commitment of policy funding. In particular, the definition of expenditure excludes capital expenditure, but includes non-cash expenditure, such as depreciation.

Care should be exercised when interpreting jurisdictional expenditure because:

- *State and Territory government expenditure may include expenditure by other jurisdictions* — totals include expenditure by other jurisdictions (mainly the Australian Government) *to and through* those governments. However, total government expenditure does not include double counting

- 
- *State and Territory government expenditure does not represent total government expenditure in that state and territory* — some Australian Government expenditure is made directly to service providers or individuals. These have not been broken down by state and territory for this report.

Relating these expenditure estimates to individuals and outcomes should also be undertaken with care. The estimates are based on the effect that differences in costs of providing services to Indigenous Australians are expected to have on total expenditure.

Refer to chapter 2 (section 2.1) for a more detailed discussion of interpretation issues associated with the estimation method.

### **There may be issues when comparing expenditure over time**

The most recent expenditure data available for this report are for 2008-09. The estimates in this report are not intended to represent a particular benchmark against which future expenditure should be compared. Over-time, levels and patterns of expenditure reflect changing priorities and focus of governments; for example:

- 2008-09 data in this report include significant ‘one-off’ expenditure such as global financial crisis stimulus expenditure. (Where possible, this expenditure has been identified.)
- expenditure related to many of the Closing the Gap initiatives did not occur until after 2008-09, and so are not included in this report. This expenditure will be included in future reports.

### **Data quality must be taken into consideration**

This report draws on the best available data from a wide range of sources. However, in some cases, required data are not available or are of relatively poor quality. In response, the Steering Committee is pursuing:

- *data quality statements* — the Steering Committee has highlighted any potential sources of uncertainty in data by providing data quality statements for all major data sources, using the ABS data quality framework
- *continual improvement* — the Steering Committee is committed to working with governments and data agencies to improve the quality of the estimates over time. However, because of the trade-off between the improvement in estimate reliability and the cost of data quality improvement, it is likely that there will always be some degree of uncertainty

- *sensitivity analysis* — in the longer-term, the Steering Committee will undertake sensitivity analysis using statistical and simulation techniques, to allow report users to better understand the quantitative extent and source of uncertainty.

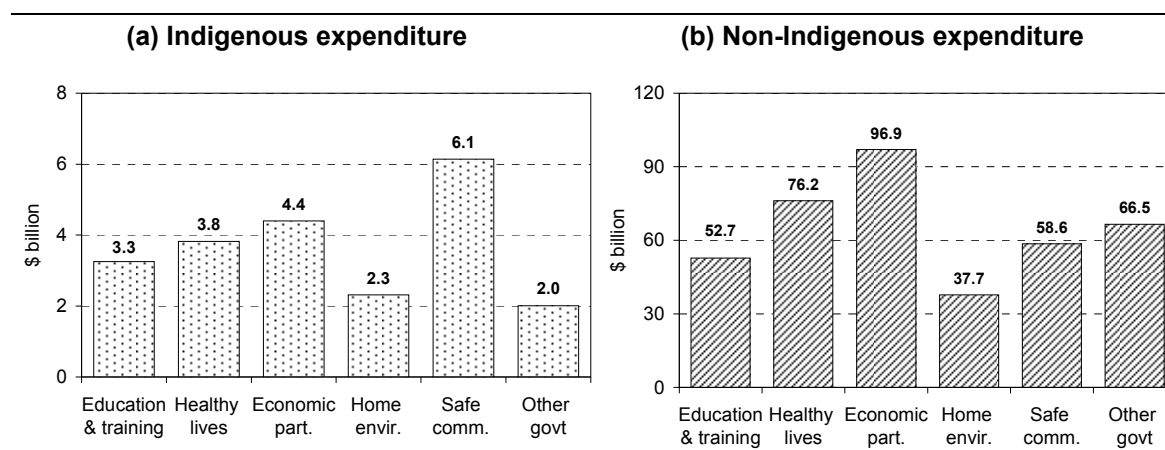
Refer to chapter 2 (section 2.1) for a more detailed discussion of interpretation issues associated with data quality.

## Expenditure estimates

This report provides estimates of general government expenditure on services related to Indigenous and non-Indigenous Australians, across six broad areas of expenditure that relate to the National Indigenous Reform Agreement and Overcoming Indigenous Disadvantage report framework building blocks (see page 5). These are: early child development, and education and training (chapter 3); healthy lives (chapter 4); economic participation (chapter 5); home environment (chapter 6); safe and supportive communities (chapter 7); and other government expenditure (chapter 8). In 2008-09:

- *total expenditure* was \$411 billion. Expenditure related to Indigenous Australians was estimated to be \$21.9 billion (5.3 per cent) of total expenditure (figure 3)

Figure 3 **Estimated general government expenditure on services related to Indigenous and non-Indigenous Australians, Australia, 2008-09<sup>a, b</sup>**



<sup>a</sup> Estimates are net national expenditure and have been adjusted for inter-jurisdictional transfers and payments. <sup>b</sup> Refer to relevant chapters for more detail on the estimates and specific guidelines for the use and interpretation of these data.

Source: Indigenous Expenditure Report Steering Committee estimates, table 1.

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## Box 1      **Interpreting estimated expenditure per head of population**

Throughout this report estimated expenditure is presented on an expenditure per head of population (that is, expenditure per capita) basis. This allows the comparison of the relative size of expenditure between Indigenous and non-Indigenous Australians, and across jurisdictions of different sizes. It also allows expenditure in different service areas to be aggregated and compared on a consistent basis.

### **Expenditure per head of population is not a unit cost measure**

Expenditure per head of population is not the same as expenditure per user, and *must not* be interpreted as a proxy for unit cost:

- *expenditure per head of population* — is estimated expenditure divided by the total population
- *expenditure per user (unit cost)* — is estimated expenditure divided by the total number of service users.

Expenditure per user will always be higher than expenditure per head of population because services are generally provided to a sub-set of the entire population (for example, school education is only provided to school aged children).

However, while it might be possible to identify representative service users for homogeneous services, this becomes more difficult and less meaningful as services are aggregated (for example, there is no single identifiable user group for other education services, or education services as a whole).

### **Expenditure ratios**

A measure of the relative expenditure on Indigenous and non-Indigenous Australians is provided by the ratio of expenditure per head of population between Indigenous and non-Indigenous Australians. This ratio will be greater than 1:1 where:

- *Indigenous Australians use services more intensively* — that is, where Indigenous Australians are more likely to use services than non-Indigenous Australians (for example, Indigenous Australians are likely to need more health services than non-Indigenous Australians), or
- *the unit cost of providing services to Indigenous users is higher* — that is it costs more, on average, to provide a service to Indigenous Australians than to non-Indigenous Australians (because of the higher cost of providing mainstream services and any additional Indigenous specific services).

For example, the estimated expenditure per head of population on primary and secondary education in 2008-09 was \$3782 per Indigenous person and \$1404 per non-Indigenous person (appendix E, table E.3). About 64.8 per cent (\$1542) of the difference relates to more intensive use of education services by Indigenous Australians (mainly because of the younger age profile of the Indigenous population). Indigenous specific services (additional services not provided to non-Indigenous students) accounted for a further 27.7 per cent (\$658) of the difference. The remainder of the difference (7.5 per cent or \$179) relates to the difference in the 'average cost' of providing mainstream services to Indigenous and non-Indigenous students.

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- *estimated expenditure per head of population* was \$40 228 per Indigenous person and \$18 351 per non-Indigenous person (box 1). That is, \$2.19 was spent per Indigenous person for every dollar spent per non-Indigenous person in the population (table 1)
  - *Indigenous specific services and programs* was estimated to be \$5.1 billion (23 per cent) of expenditure on Indigenous services. Indigenous specific services and programs were most common in home environment services (particularly in housing services) and least common in economic participation services (particularly social security) (table 2).

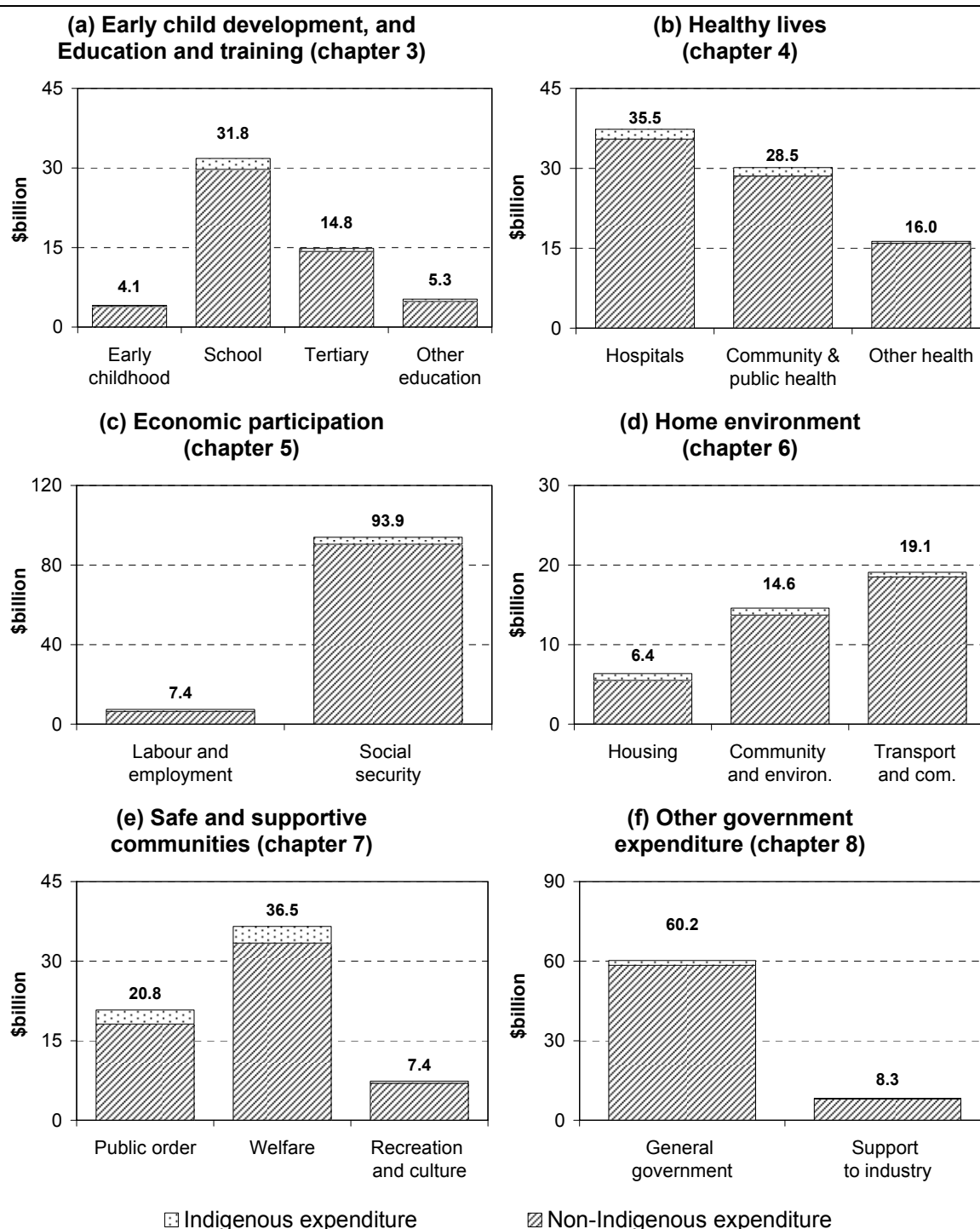
### **Expenditure by service area**

*Early child development, and Education and training* (chapter 3) includes expenditure on: early childhood education and care (preschool and childcare); school education (primary and secondary schools); tertiary education (university, VET and TAFE education); and other education (such as student income assistance). In 2008-09:

- *total expenditure* on these services accounted for \$56 billion (14 per cent) of total general government expenditure (figure 3). The majority (57 per cent) of this was related to school education (figure 4)
- *Indigenous expenditure* on these services was estimated to be \$3.3 billion. This represented 5.8 per cent of government expenditure on these services and 15 per cent of total government expenditure on services related to Indigenous Australians (tables 1 and 2)
- *Indigenous specific services and programs* expenditure was estimated to be \$719 million (22 per cent of expenditure on Indigenous services in this area). Indigenous specific services and programs were most significant in early childhood education and care, and other education (table 2)
- *estimated expenditure per head of population* was \$5968 per Indigenous person and \$2490 per non-Indigenous person on education services (box 1 and figure 5). That is, an estimated \$2.40 was spent per Indigenous person for every dollar spent per non-Indigenous person in the population (table 1).

*Healthy lives* (chapter 4) includes expenditure on: hospital services (admitted and non-admitted patient services provided by physical and mental health institutions); community and public health (patient transport, and mental and general health services provided by medical or other registered health practitioners

**Figure 4 Estimated general government expenditure, by service area, Australia, 2008-09<sup>a, b</sup>**



<sup>a</sup> Estimates are net national expenditure and have been adjusted for inter-jurisdictional transfers and payments. <sup>b</sup> Refer to relevant chapters for more detail on the estimates and specific guidelines for the use and interpretation of these data.

Source: Indigenous Expenditure Report Steering Committee estimates, table 1.

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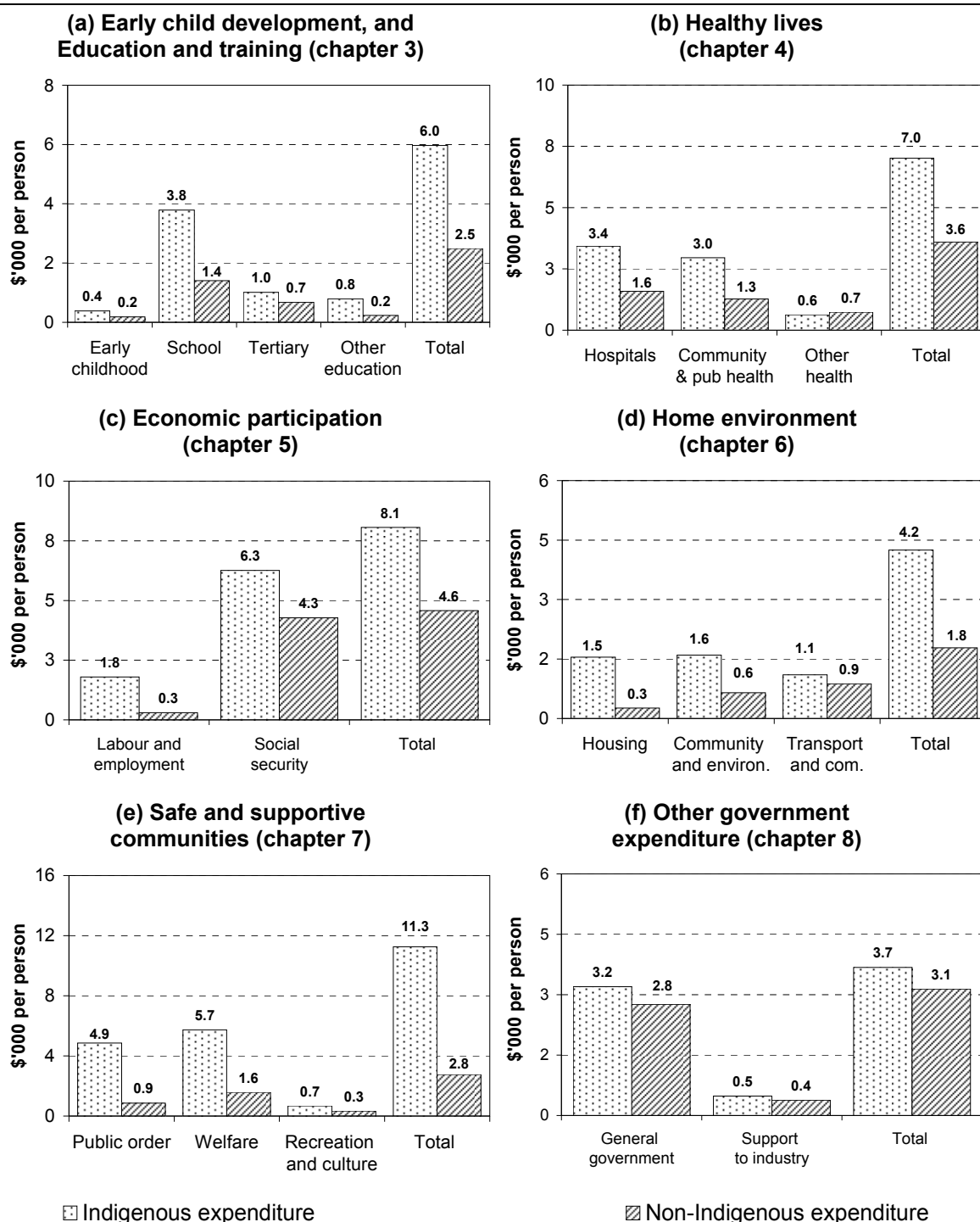
in the community); and other health services (pharmaceuticals, medical aids and appliances, and health administration and research). In 2008-09:

- *total expenditure* on these services accounted for \$80 billion (19 per cent) of total general government expenditure. The largest component of this (44 per cent) related to government funded hospital services (table 1)
- *Indigenous expenditure* on these services was estimated to be \$3.8 billion. This represented 4.8 per cent of government expenditure on these services and 17 per cent of total government expenditure on services to Indigenous Australians (table 2)
- *Indigenous specific services and programs* expenditure was estimated to be \$937 million (25 per cent of expenditure on Indigenous services in this area). Indigenous specific services and programs were most significant in community and public health services and other health (table 2)
- *estimated expenditure per head of population* was \$7012 per Indigenous person and \$3596 per non-Indigenous person on health services (box 1 and figure 5). That is, an estimated \$1.95 was spent per Indigenous person for every dollar spent per non-Indigenous person in the population (table 1).

*Economic participation (chapter 5)* includes expenditure on: labour and employment services (labour market programs and industrial relations); and social security support (income support for families, the aged, people with disabilities, the unemployed and veterans). In 2008-09:

- *total expenditure* on these services accounted for \$101 billion (25 per cent) of total general government expenditure. The largest component of this (93 per cent) related to social security support, which is mainly Australian Government expenditure (table 1)
- *Indigenous expenditure* on these services was estimated to be \$4.4 billion. This represented 4.3 per cent of government expenditure on these services and 20 per cent of total government expenditure on services related to Indigenous Australians (table 2)
- *Indigenous specific services and programs* expenditure was estimated to be \$639 million (15 per cent of total expenditure on Indigenous services in this area). Indigenous specific services and programs were most significant in labour and employment services, where they accounted for 65 per cent of total expenditure on Indigenous services in this area (table 2)

**Figure 5 Estimated general government expenditure per head of population, by service area, Australia, 2008-09<sup>a, b, c, d</sup>**



<sup>a</sup> Estimates are net national expenditure and have been adjusted for inter-jurisdictional transfers and payments. <sup>b</sup> Refer to relevant chapters for more detail on the estimates and specific guidelines for the use and interpretation of these data. <sup>c</sup> Per head of population expenditure is not the same as expenditure per user, and should not be interpreted as a proxy for unit cost (box 1 provides further information). Population data are provided in appendix D, table D.1. <sup>d</sup> Totals may not add due to rounding.

Source: Indigenous Expenditure Report Steering Committee estimates, table 1.



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- *estimated expenditure per head of population* was \$8062 per Indigenous person and \$4578 per non-Indigenous person on economic participation services (box 1 and figure 5). That is, an estimated \$1.76 was spent per Indigenous person for every dollar spent per non-Indigenous person in the population (table 1).

*Home environment (chapter 6)* includes expenditure on: housing services (home purchase assistance, rental assistance,<sup>7</sup> social housing and defence housing); community and environment services (community development, water, sanitation and environment protection, and fuel and energy services); and transport and communications services. In 2008-09:

- *total expenditure* on these services accounted for \$40 billion (9.8 per cent) of total general government expenditure. The largest components of this (36 per cent and 48 per cent) were related to community and environment services, and transport and communications services, respectively (table 1)
- *Indigenous expenditure* on these services was estimated to be \$2.3 billion. This represented 5.8 per cent of government expenditure on these services and 11 per cent of total government expenditure on services related to Indigenous Australians (table 2)
- *Indigenous specific services and programs* expenditure was estimated to be just over \$1 billion (44 per cent of expenditure on Indigenous services in this area). Indigenous specific services and programs were most significant in housing services (particularly public housing), where they accounted for 62 per cent of expenditure on Indigenous services (table 2)
- *estimated expenditure per head of population* was \$4246 per Indigenous person and \$1781 per non-Indigenous person on home environment services (box 1 and figure 5). That is, an estimated \$2.38 was spent per Indigenous person for every dollar spent per non-Indigenous person in the population (table 1).

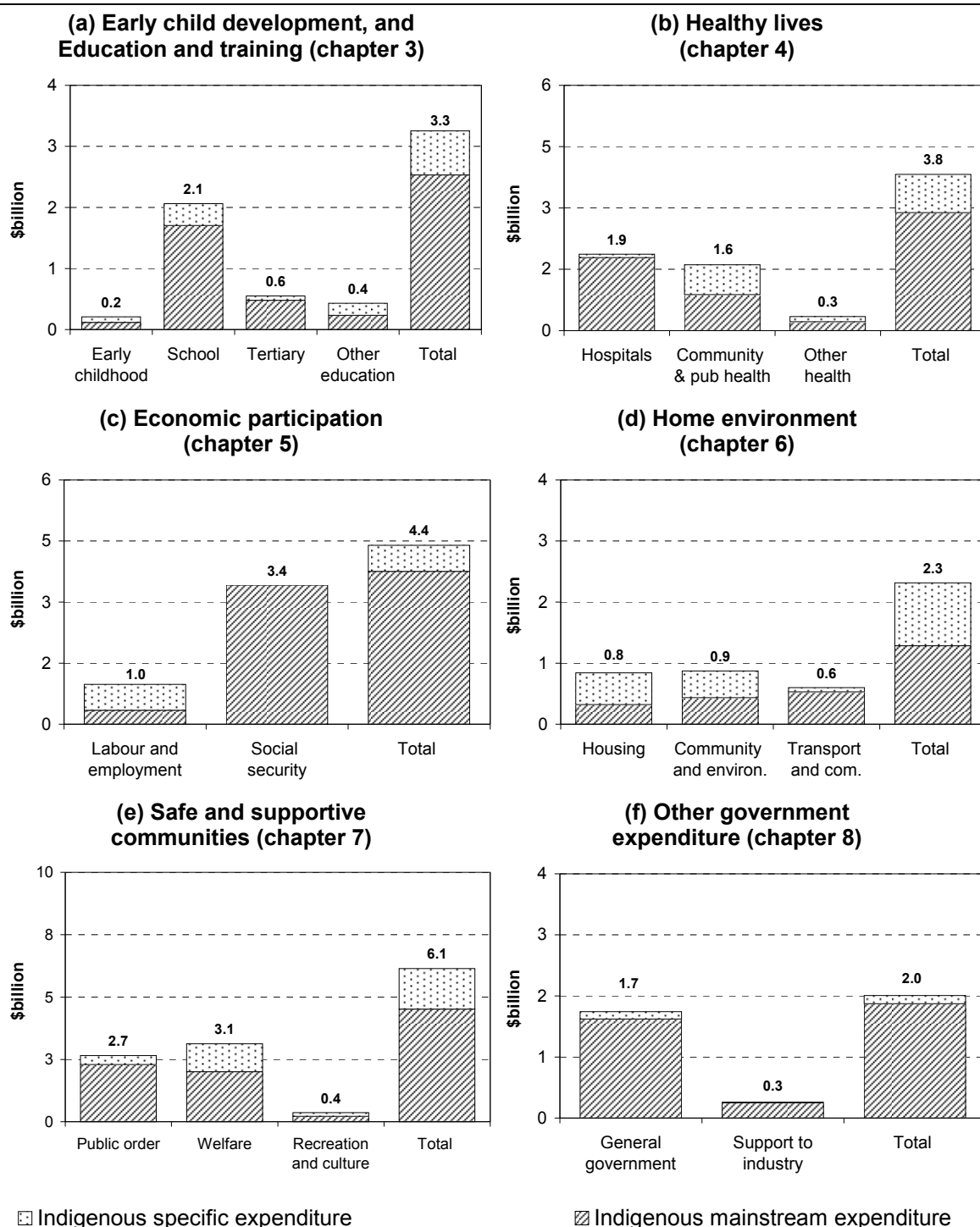
*Safe and supportive communities (chapter 7)* includes expenditure on: public order and safety (including police, civil and criminal justice, corrections and emergency services); community support and welfare (including services to the aged, people with disabilities, and families); and recreation and culture (national parks and sporting facilities). In 2008-09:

- *total expenditure* on these services accounted for \$64.7 billion (16 per cent) of total general government expenditure. The majority (56 per cent) of this was related to community support and welfare services (table 1)

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<sup>7</sup> Commonwealth Rent Assistance expenditure, which accounted for \$2.6 billion in 2008-09, is currently reported under social security expenditure (chapter 5) because it is classified as income support by the Australian Government.

**Figure 6 Estimated government mainstream and Indigenous specific expenditure on services related to Indigenous Australians, by service area, Australia, 2008-09<sup>a, b, c</sup>**



<sup>a</sup> Estimates are net national expenditure and have been adjusted for inter-jurisdictional transfers and payments. <sup>b</sup> Refer to relevant chapters for more detail on the estimates and specific guidelines for the use and interpretation of these data. <sup>c</sup> Totals may not add due to rounding.

Source: Indigenous Expenditure Report Steering Committee estimates, table 2.

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- *Indigenous expenditure* on these services was estimated to be \$6.1 billion. This represented 9.5 per cent of government expenditure on these services and 28 per cent of total government expenditure on services related to Indigenous Australians (table 2)
  - *Indigenous specific services and programs* expenditure was estimated to be \$1.6 billion (26 per cent of expenditure on Indigenous services in this area). Indigenous specific services and programs were most significant in community support and welfare, and recreation and culture (table 2)
  - *estimated expenditure per head of population* was \$11 263 per Indigenous person and \$2765 per non-Indigenous person on safe and supportive communities services (box 1 and figure 5). That is, an estimated \$4.07 was spent per Indigenous person for every dollar spent per non-Indigenous person in the population (table 1).

*Other government expenditure (chapter 8)* includes expenditure on: general government services and defence services (operations of legislative and executive affairs, financial and fiscal affairs, external affairs and shared services); and support to industry (administration, regulation and support of industry, such as fisheries management). In 2008-09:

- *total expenditure* on these services accounted for \$68.5 billion (17 per cent) of total general government services expenditure. The majority (88 per cent) of this was related to general government and defence services (table 1)
- *Indigenous expenditure* on these services was estimated to be \$2 billion. This represented 2.9 per cent of government expenditure on these services and 9.1 per cent of total government expenditure on services related to Indigenous Australians (table 2)
- *Indigenous specific services and programs* expenditure was estimated to be \$131 million (6.5 per cent of expenditure on Indigenous services in this area) (table 2)
- *estimated expenditure per head of population* was \$3678 per Indigenous person and \$3141 per non-Indigenous person on other government services (box 1 and figure 5). That is, an estimated \$1.17 was spent per Indigenous person for every dollar spent per non-Indigenous person in the population (table 1).

Although this category does include some important expenditure, it generally relates to activities that have the least connection with on-the-ground services provided for Indigenous Australians.

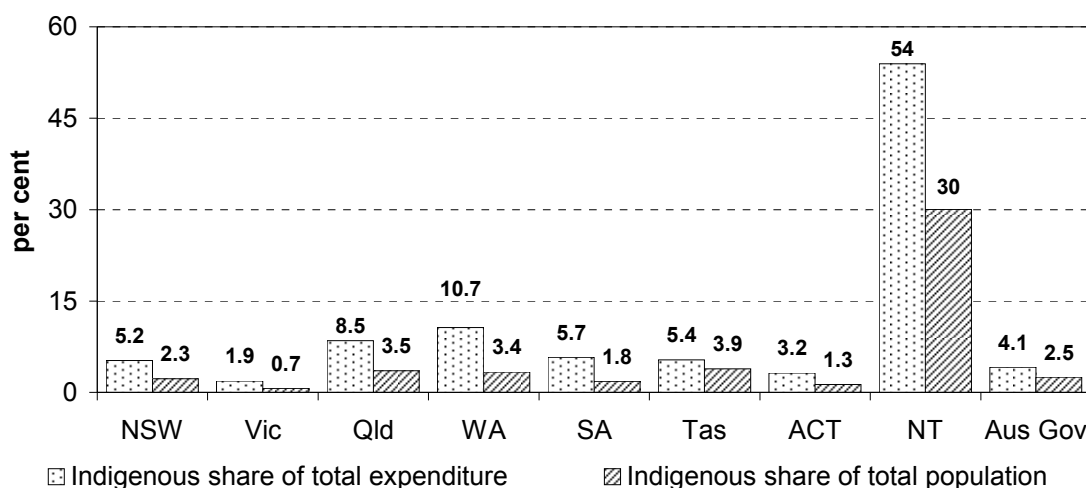
## Expenditure by jurisdiction

Estimates of expenditure on services related to Indigenous Australians by jurisdiction are presented in figure 7 and table 3. Care should be exercised when comparing these estimates across jurisdictions because variations can reflect a combination of factors — including the service delivery context and unresolved data and methodological issues — that affect the reliability and interpretation of the estimates.

- *service delivery context* — differences across jurisdictions can reflect the combined effects of Indigenous service use and the average cost of providing services to Indigenous Australians:
  - *service use* — which is the outcome of service demand and service availability — can reflect a wide range of factors, such as population demographics, location and underlying need, as well as the form in which services are offered. These can vary across jurisdictions and for different services.

More information on the service delivery context for each jurisdiction is provided in chapter 2. Each chapter also provides an overview of key factors that influence individual services

Figure 7 **Estimated general government expenditure on services related to Indigenous Australians, all service areas, Australia, 2008-09<sup>a, b</sup>**



<sup>a</sup> Estimates are net national expenditure and have been adjusted for inter-jurisdictional transfers and payments. <sup>b</sup> Refer to relevant chapters for more detail on the estimates and specific guidelines for the use and interpretation of these data.

Source: Indigenous Expenditure Report Steering Committee estimates, table 3.

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- *cost of providing services* — can be different for Indigenous and non-Indigenous Australians because of factors influencing the relative cost of providing mainstream services to Indigenous Australians and any additional Indigenous specific services.

Services can be more costly to provide to Indigenous Australians for a broad range of reasons including geographical location,<sup>8</sup> specific language and cultural needs or particular service demands. Indigenous specific services represent an additional cost of providing services to Indigenous Australians.

Whether services are provided as Indigenous specific or mainstream services varies across jurisdictions. This variation is likely to reflect differences in population and service use proportions of Indigenous Australians between jurisdictions. The level of support that governments provide (that is governments' contribution to the overall cost of the service) can also vary across jurisdictions.

More information on the key factors that influence the cost of services related to Indigenous and non-Indigenous Australians for each service area is provided in chapters 3 to 8.

- *data and methodological issues* — there are many unresolved data and methodological issues that can affect the reliability of estimates and comparisons across jurisdictions, including:
  - *expenditure data* — not all jurisdictions have been able to identify and allocate expenditure for all GPC categories. Variations in expenditure can reflect difficulties in allocation
  - *service use measures* — some service use measures are imperfect proxies for cost drivers or are not as reliable as desired for estimating the Indigenous share of use
  - *cost differential information* — very little empirical information is currently available on the relative cost of providing services to Indigenous and non-Indigenous Australians, which affects estimate reliability.

## Future directions

This report represents a *first step*, and while it presents the best collective effort of the jurisdictions, many data quality and methodological challenges have yet to be resolved. Enhancing the contribution of this report to improved outcomes for

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<sup>8</sup> This can affect the average cost of providing services to Indigenous Australians because they are typically over-represented in rural and remote areas.

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Indigenous Australians requires a continuing commitment to improving the information in this report, as well as data and analysis that will support its application. Key areas for improvement identified for future reports include:

- *expenditure data measurement and allocation* — appropriately measured and allocated expenditure is the foundation of the estimation method. Better expenditure data will contribute to more reliable estimates and more transparent comparisons across jurisdictions
- *Australian Government expenditure by State and Territory* — identifying Australian Government expenditure by State and Territory is a priority area for improvement and will provide a better measure of total government resources committed to Indigenous services in each jurisdiction
- *service use measures and data* — some service use measures are proxies for service use because the required data were unavailable. The Steering Committee will seek to identify more appropriate service use measures and improve the reliability of service use data. Better service use measures will contribute to more reliable estimates and a better understanding of cost drivers
- *Indigenous specific expenditure* — better information on Indigenous specific programs and services (including whether they complement, or are substitutes for mainstream services, and information on service user characteristics) will contribute to more reliable estimates
- *cost differential information* — little empirical work has been undertaken in Australia to quantify differences in the cost of providing the same services to Indigenous and non-Indigenous Australians. Better information on cost differentials will contribute to more reliable estimates and a better understanding of cost drivers
- *sensitivity analysis* — the current report contains qualitative information about the reliability of the estimates and the sources of variation. Additional quantitative information on estimate reliability will assist report users to interpret the information in the report.

Priority areas for improvement for particular areas of expenditure are identified in chapters 3 to 8.

As noted, this report is one element of the evidence base policy makers need. Analysis of the data in this report would benefit from better information on the relative levels of need and impact of programs and services on outcomes; unit costs of service delivery; and especially, outcomes information for Indigenous Australians.

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It will take time and the continuing cooperation of jurisdictions and data agencies before data achieves a level of reliability that enables meaningful estimates for all expenditure areas. There will also be pragmatic trade-offs between the effort required to make improvements and the material impact this will have on the reliability of estimates. The Steering Committee will liaise with report users to identify priority areas for improvement and focus on those most closely related to Closing the Gap reporting priorities.

Table 1 **Estimated general government expenditure on Indigenous and non-Indigenous Australians, Australia, 2008-09<sup>a, b, c</sup>**

|  | Total expenditure |                |              | Expenditure per head of population <sup>d</sup> |               |                    |
|--|-------------------|----------------|--------------|---|---------------|--------------------|
|  | Indigenous        | Total          | Indig. share | Indigenous                                      | Non-Indig.    | Ratio <sup>e</sup> |
|  | \$m               | \$m            | %            | \$/person                                       | \$/person     | ratio              |
| <i>Early child development, and Education and training (chapter 3)</i> |                   |                |              |   |               |                    |
| Early childhood  | 210               | 4 091          | 5.1          | 385   | 183           | 2.10               |
| School education   | 2 062             | 31 792         | 6.5          | 3 782   | 1 404         | 2.69               |
| Tertiary education   | 551               | 14 819         | 3.7          | 1 011   | 674           | 1.50               |
| Other education  | 430               | 5 276          | 8.2          | 789   | 229           | 3.45               |
| <b>Total</b>   | <b>3 253</b>      | <b>55 978</b>  | <b>5.8</b>   | <b>5 968</b>                                    | <b>2 490</b>  | <b>2.40</b>        |
| <i>Healthy lives (chapter 4)</i>                                       |                   |                |              |   |               |                    |
| Hospitals  | 1 869             | 35 478         | 5.3          | 3 427   | 1 587         | 2.16               |
| Community and public health  | 1 611             | 28 549         | 5.6          | 2 955   | 1 272         | 2.32               |
| Other health <sup>f</sup>  | 343               | 15 952         | 2.2          | 629   | 737           | 0.85               |
| <b>Total</b>   | <b>3 823</b>      | <b>79 978</b>  | <b>4.8</b>   | <b>7 012</b>                                    | <b>3 596</b>  | <b>1.95</b>        |
| <i>Economic participation (chapter 5)</i>                              |                   |                |              |   |               |                    |
| Labour & employment  | 980               | 7 401          | 13.2         | 1 798   | 303           | 5.93               |
| Social security support  | 3 415             | 93 937         | 3.6          | 6 264   | 4 274         | 1.47               |
| <b>Total</b>   | <b>4 395</b>      | <b>101 338</b> | <b>4.3</b>   | <b>8 062</b>                                    | <b>4 578</b>  | <b>1.76</b>        |
| <i>Home environment (chapter 6)</i>                                    |                   |                |              |   |               |                    |
| Housing  | 842               | 6 360          | 13.2         | 1 545   | 261           | 5.93               |
| Community and environment  | 872               | 14 583         | 6.0          | 1 599   | 647           | 2.47               |
| Transport and communications   | 600               | 19 094         | 3.1          | 1 101   | 873           | 1.26               |
| <b>Total</b>   | <b>2 315</b>      | <b>40 037</b>  | <b>5.8</b>   | <b>4 246</b>                                    | <b>1 781</b>  | <b>2.38</b>        |
| <i>Safe and supportive communities (chapter 7)</i>                     |                   |                |              |   |               |                    |
| Public order and safety  | 2 650             | 20 793         | 12.7         | 4 861   | 857           | 5.67               |
| Community support and welfare  | 3 124             | 36 548         | 8.5          | 5 730   | 1 578         | 3.63               |
| Recreation and culture   | 367               | 7 363          | 5.0          | 673   | 330           | 2.04               |
| <b>Total</b>   | <b>6 141</b>      | <b>64 704</b>  | <b>9.5</b>   | <b>11 263</b>                                   | <b>2 765</b>  | <b>4.07</b>        |
| <i>Other government expenditure (chapter 8)</i>                        |                   |                |              |   |               |                    |
| General govt and defence   | 1 744             | 60 224         | 2.9          | 3 199   | 2 761         | 1.16               |
| Support to industry  | 261               | 8 305          | 3.1          | 479   | 380           | 1.26               |
| <b>Total</b>   | <b>2 005</b>      | <b>68 530</b>  | <b>2.9</b>   | <b>3 678</b>                                    | <b>3 141</b>  | <b>1.17</b>        |
| <b>Total expenditure</b>   | <b>21 932</b>     | <b>410 564</b> | <b>5.3</b>   | <b>40 228</b>                                   | <b>18 351</b> | <b>2.19</b>        |

<sup>a</sup> Estimates are net estimates and have been adjusted for inter-jurisdictional transfers and payments. <sup>b</sup> Refer to relevant chapters for more detail on the estimates and specific guidelines for the use and interpretation of these data. <sup>c</sup> Totals may not add due to rounding. <sup>d</sup> Per head of population expenditure is not the same as expenditure per user, and should not be interpreted as a proxy for unit cost (box 1 provides further information). Population data are provided in appendix D, table D.1. <sup>e</sup> The ratio of Indigenous per head of population expenditure to non-Indigenous per head of population expenditure (box 1 provides further information). <sup>f</sup> Includes expenditure on pharmaceuticals, medical aids and appliances, and Health administration and research services.

Source: Indigenous Expenditure Report Steering Committee estimates.



Table 2 **Estimated general government expenditure on Indigenous and non-Indigenous Australians, Australia, 2008-09<sup>a, b, c</sup>**

|  | <i>Indigenous expenditure</i> |                   |               | <i>Indig. specific share<sup>d</sup></i> | <i>Service area share<sup>e</sup></i> |
|--|-------------------------------|-------------------|---------------|--|---------------------------------------|
|  | <i>Indigenous specific</i>    | <i>Mainstream</i> | <i>Total</i>  |  |                                       |
|  | \$m                           | \$m               | \$m           | %  | %                                     |
| <i>Early child development, and Education and training (chapter 3)</i> |                               |                   |               |  |                                       |
| Early childhood  | 91                            | 119               | 210           | 43.3                                     | 1.0                                   |
| School education   | 359                           | 1 704             | 2 062         | 17.4                                     | 9.4                                   |
| Tertiary education   | 72                            | 480               | 551           | 13.0                                     | 2.5                                   |
| Other education  | 198                           | 232               | 430           | 46.0                                     | 2.0                                   |
| <b>Total</b>   | <b>719</b>                    | <b>2 534</b>      | <b>3 253</b>  | <b>22.1</b>                              | <b>14.8</b>                           |
| <i>Healthy lives (chapter 4)</i>                                       |                               |                   |               |  |                                       |
| Hospitals  | 84                            | 1 785             | 1 869         | 4.5                                      | 8.5                                   |
| Community and public health  | 728                           | 883               | 1 611         | 45.2                                     | 7.3                                   |
| Other health <sup>f</sup>  | 125                           | 218               | 343           | 36.5                                     | 1.6                                   |
| <b>Total</b>   | <b>937</b>                    | <b>2 886</b>      | <b>3 823</b>  | <b>24.5</b>                              | <b>17.4</b>                           |
| <i>Economic participation (chapter 5)</i>                              |                               |                   |               |  |                                       |
| Labour & employment  | 639                           | 342               | 980           | 65.2                                     | 4.5                                   |
| Social security support  | –                             | 3 415             | 3 415         | –  | 15.6                                  |
| <b>Total</b>   | <b>639</b>                    | <b>3 756</b>      | <b>4 395</b>  | <b>14.5</b>                              | <b>20.0</b>                           |
| <i>Home environment (chapter 6)</i>                                    |                               |                   |               |  |                                       |
| Housing  | 521                           | 322               | 842           | 61.8                                     | 3.8                                   |
| Community and environment  | 437                           | 435               | 872           | 50.1                                     | 4.0                                   |
| Transport and communications   | 71                            | 529               | 600           | 11.8                                     | 2.7                                   |
| <b>Total</b>   | <b>1 029</b>                  | <b>1 286</b>      | <b>2 315</b>  | <b>44.4</b>                              | <b>10.6</b>                           |
| <i>Safe and supportive communities (chapter 7)</i>                     |                               |                   |               |  |                                       |
| Public order and safety  | 359                           | 2 291             | 2 650         | 13.5                                     | 12.1                                  |
| Community support and welfare  | 1 114                         | 2 010             | 3 124         | 35.7                                     | 14.2                                  |
| Recreation and culture   | 148                           | 219               | 367           | 40.3                                     | 1.7                                   |
| <b>Total</b>   | <b>1 621</b>                  | <b>4 520</b>      | <b>6 141</b>  | <b>26.4</b>                              | <b>28.0</b>                           |
| <i>Other government expenditure (chapter 8)</i>                        |                               |                   |               |  |                                       |
| General govt and defence   | 121                           | 1 623             | 1 744         | 6.9                                      | 8.0                                   |
| Support to industry  | 10                            | 251               | 261           | 3.9                                      | 1.2                                   |
| <b>Total</b>   | <b>131</b>                    | <b>1 874</b>      | <b>2 005</b>  | <b>6.5</b>                               | <b>9.1</b>                            |
| <b>Total expenditure</b>   | <b>5 075</b>                  | <b>16 857</b>     | <b>21 932</b> | <b>23.1</b>                              | <b>100.0</b>                          |

<sup>a</sup> Estimates are net estimates and have been adjusted for inter-jurisdictional transfers and payments. <sup>b</sup> Refer to relevant chapters for more detail on the estimates and specific guidelines for the use and interpretation of these data. <sup>c</sup> Totals may not add due to rounding. <sup>d</sup> Indigenous specific expenditure as a proportion of total Indigenous expenditure. <sup>e</sup> Expenditure in the service area as a proportion of total expenditure. <sup>f</sup> Includes expenditure on pharmaceuticals, medical aids and appliances, and Health administration and research services. – Zero or rounded to zero.

Source: Indigenous Expenditure Report Steering Committee estimates.

Table 3 **Estimated general government expenditure, by jurisdiction, 2008-09<sup>a, b, c</sup>**

|  |            | <i>NSW</i>   | <i>Vic</i>   | <i>Qld</i>   | <i>WA</i>    | <i>SA</i>    | <i>Tas</i>  | <i>ACT</i>  | <i>NT</i>   | <i>Aus Gov</i> |
|--|------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|----------------|
| Indigenous pop. share <sup>d</sup>                                 | %          | 2.3          | 0.7          | 3.5          | 3.4          | 1.8          | 3.9         | 1.3         | 30.0        | 2.5            |
| <i>Early child development, education and training (chapter 3)</i> |            |              |              |              |              |              |             |             |             |                |
| Indigenous   | \$b        | 0.65         | 0.15         | 0.67         | 0.45         | 0.19         | 0.08        | 0.02        | 0.42        | 1.33           |
| Non-Indigenous   | \$b        | 11.08        | 10.32        | 7.78         | 4.53         | 3.20         | 1.02        | 0.79        | 0.38        | 25.92          |
| <b>Total</b>   | <b>\$b</b> | <b>11.73</b> | <b>10.47</b> | <b>8.45</b>  | <b>4.99</b>  | <b>3.38</b>  | <b>1.10</b> | <b>0.81</b> | <b>0.81</b> | <b>27.25</b>   |
| Indigenous exp. share  | %          | 5.6          | 1.4          | 8.0          | 9.1          | 5.5          | 7.1         | 3.0         | 52.5        | 4.9            |
| <i>Healthy lives (chapter 4)</i>                                   |            |              |              |              |              |              |             |             |             |                |
| Indigenous   | \$b        | 0.51         | 0.14         | 0.69         | 0.41         | 0.23         | 0.03        | 0.03        | 0.51        | 1.88           |
| Non-Indigenous   | \$b        | 13.02        | 10.14        | 8.35         | 4.25         | 3.67         | 1.08        | 0.90        | 0.33        | 47.27          |
| <b>Total</b>   | <b>\$b</b> | <b>13.53</b> | <b>10.28</b> | <b>9.04</b>  | <b>4.66</b>  | <b>3.90</b>  | <b>1.11</b> | <b>0.93</b> | <b>0.84</b> | <b>49.15</b>   |
| Indigenous exp. share  | %          | 3.8          | 1.4          | 7.7          | 8.8          | 5.9          | 2.7         | 3.1         | 60.6        | 3.8            |
| <i>Economic participation (chapter 5)</i>                          |            |              |              |              |              |              |             |             |             |                |
| Indigenous   | \$b        | 0.03         | 0.01         | 0.05         | 0.01         | 0.01         | –           | –           | 0.03        | 4.27           |
| Non-Indigenous   | \$b        | 1.11         | 0.56         | 0.58         | 0.19         | 0.24         | 0.08        | 0.01        | 0.07        | 94.32          |
| <b>Total</b>   | <b>\$b</b> | <b>1.14</b>  | <b>0.56</b>  | <b>0.62</b>  | <b>0.20</b>  | <b>0.25</b>  | <b>0.09</b> | <b>0.01</b> | <b>0.10</b> | <b>98.59</b>   |
| Indigenous exp. share  | %          | 2.6          | 0.9          | 7.5          | 3.0          | 2.3          | 3.5         | 1.3         | 34.5        | 4.3            |
| <i>Home environment (chapter 6)</i>                                |            |              |              |              |              |              |             |             |             |                |
| Indigenous   | \$b        | 0.32         | 0.08         | 0.51         | 0.28         | 0.08         | 0.03        | 0.01        | 0.48        | 1.20           |
| Non-Indigenous   | \$b        | 8.62         | 6.92         | 7.05         | 3.17         | 2.09         | 0.43        | 0.34        | 0.36        | 17.14          |
| <b>Total</b>   | <b>\$b</b> | <b>8.94</b>  | <b>7.01</b>  | <b>7.57</b>  | <b>3.45</b>  | <b>2.17</b>  | <b>0.45</b> | <b>0.35</b> | <b>0.84</b> | <b>18.34</b>   |
| Indigenous exp. share  | %          | 3.6          | 1.2          | 6.8          | 8.0          | 3.6          | 5.9         | 2.1         | 57.0        | 6.5            |
| <i>Safe and supportive communities (chapter 7)</i>                 |            |              |              |              |              |              |             |             |             |                |
| Indigenous   | \$b        | 1.02         | 0.34         | 0.95         | 0.81         | 0.25         | 0.07        | 0.04        | 0.52        | 2.33           |
| Non-Indigenous   | \$b        | 9.08         | 7.81         | 5.39         | 3.18         | 2.22         | 0.76        | 0.61        | 0.31        | 31.48          |
| <b>Total</b>   | <b>\$b</b> | <b>10.10</b> | <b>8.14</b>  | <b>6.34</b>  | <b>3.98</b>  | <b>2.47</b>  | <b>0.83</b> | <b>0.65</b> | <b>0.83</b> | <b>33.82</b>   |
| Indigenous exp. share  | %          | 10.1         | 4.1          | 15.0         | 20.3         | 10.2         | 7.9         | 6.4         | 62.5        | 6.9            |
| <i>Other government expenditure (chapter 8)</i>                    |            |              |              |              |              |              |             |             |             |                |
| Indigenous   | \$b        | 0.11         | 0.02         | 0.26         | 0.08         | 0.04         | 0.03        | 0.01        | 0.19        | 2.45           |
| Non-Indigenous   | \$b        | 5.00         | 2.56         | 4.70         | 1.76         | 1.55         | 0.75        | 0.72        | 0.39        | 94.99          |
| <b>Total</b>   | <b>\$b</b> | <b>5.11</b>  | <b>2.58</b>  | <b>4.96</b>  | <b>1.84</b>  | <b>1.59</b>  | <b>0.78</b> | <b>0.73</b> | <b>0.58</b> | <b>97.43</b>   |
| Indigenous exp. share  | %          | 2.2          | 0.7          | 5.1          | 4.5          | 2.4          | 3.9         | 1.3         | 32.7        | 2.5            |
| <i>All Expenditure</i>   |            |              |              |              |              |              |             |             |             |                |
| Indigenous   | \$b        | 2.65         | 0.73         | 3.13         | 2.04         | 0.79         | 0.23        | 0.11        | 2.16        | 13.46          |
| Non-Indigenous   | \$b        | 47.91        | 38.30        | 33.84        | 17.08        | 12.97        | 4.13        | 3.37        | 1.84        | 311.11         |
| <b>Total</b>   | <b>\$b</b> | <b>50.56</b> | <b>39.03</b> | <b>36.97</b> | <b>19.12</b> | <b>13.76</b> | <b>4.37</b> | <b>3.48</b> | <b>4.00</b> | <b>324.57</b>  |
| Indigenous exp. share  | %          | 5.2          | 1.9          | 8.5          | 10.7         | 5.7          | 5.4         | 3.2         | 53.9        | 4.1            |

<sup>a</sup> Estimates are gross expenditure and have not been adjusted for inter-jurisdictional transfers and payments.

<sup>b</sup> Refer to relevant chapters for more detail on the estimates and specific guidelines for the use and interpretation of these data. <sup>c</sup> Totals may not add due to rounding. <sup>d</sup> Population data are provided in appendix D, table D.1. – Zero or rounded to zero.

Source: Indigenous Expenditure Report Steering Committee estimates.

**Table 4 Estimated general government expenditure per head of population, by jurisdiction, 2008-09<sup>a</sup>**

|  | <i>NSW</i>  | <i>Vic</i>  | <i>Qld</i>  | <i>WA</i>   | <i>SA</i>   | <i>Tas</i>  | <i>ACT</i>  | <i>NT</i>   | <i>Aus Gov</i> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------|
| <i>Indigenous expenditure per head of population (\$'000 per person)<sup>b, c, d</sup></i>       |             |             |             |             |             |             |             |             |                |
| Education (ch 3)   | 4.1         | 4.1         | 4.4         | 6.1         | 6.3         | 4.0         | 5.4         | 6.3         | 2.4            |
| Healthy lives (ch 4)   | 3.2         | 4.0         | 4.5         | 5.5         | 7.8         | 1.6         | 6.4         | 7.6         | 3.4            |
| Economic participation (ch 5)  | 0.2         | 0.1         | 0.3         | 0.1         | 0.2         | 0.2         | –           | 0.5         | 7.8            |
| Home environment (ch 6)  | 2.0         | 2.4         | 3.3         | 3.7         | 2.6         | 1.4         | 1.6         | 7.2         | 2.2            |
| Safe communities (ch 7)  | 6.4         | 9.5         | 6.1         | 10.9        | 8.5         | 3.4         | 9.2         | 7.8         | 4.3            |
| Other (ch 8)   | 0.7         | 0.5         | 1.7         | 1.1         | 1.3         | 1.6         | 2.1         | 2.8         | 4.5            |
| <b>Total</b>   | <b>16.5</b> | <b>20.6</b> | <b>20.3</b> | <b>27.5</b> | <b>26.8</b> | <b>12.0</b> | <b>24.7</b> | <b>32.2</b> | <b>24.7</b>    |
| <i>Non-Indigenous expenditure per head of population (\$'000 per person)<sup>b, c, d</sup></i>   |             |             |             |             |             |             |             |             |                |
| Education (ch 3)   | 1.6         | 1.9         | 1.8         | 2.1         | 2.0         | 2.1         | 2.3         | 2.5         | 1.2            |
| Healthy lives (ch 4)   | 1.9         | 1.9         | 2.0         | 2.0         | 2.3         | 2.3         | 2.6         | 2.1         | 2.2            |
| Economic participation (ch 5)  | 0.2         | 0.1         | 0.1         | 0.1         | 0.2         | 0.2         | –           | 0.4         | 4.5            |
| Home environment (ch 6)  | 1.2         | 1.3         | 1.7         | 1.5         | 1.3         | 0.9         | 1.0         | 2.3         | 0.8            |
| Safe communities (ch 7)  | 1.3         | 1.5         | 1.3         | 1.5         | 1.4         | 1.6         | 1.8         | 2.0         | 1.5            |
| Other (ch 8)   | 0.7         | 0.5         | 1.1         | 0.8         | 1.0         | 1.6         | 2.1         | 2.5         | 4.5            |
| <b>Total</b>   | <b>6.9</b>  | <b>7.2</b>  | <b>8.0</b>  | <b>8.0</b>  | <b>8.2</b>  | <b>8.6</b>  | <b>9.8</b>  | <b>11.8</b> | <b>14.7</b>    |
| <i>Indigenous to non-Indigenous expenditure per head of population (ratio)<sup>b, d, e</sup></i> |             |             |             |             |             |             |             |             |                |
| Education (ch 3)   | 2.5         | 2.1         | 2.4         | 2.9         | 3.1         | 1.9         | 2.3         | 2.6         | 2.0            |
| Healthy lives (ch 4)   | 1.7         | 2.1         | 2.3         | 2.8         | 3.4         | 0.7         | 2.4         | 3.6         | 1.5            |
| Economic participation (ch 5)  | 1.1         | 1.4         | 2.2         | 0.9         | 1.2         | 0.9         | 1.0         | 1.2         | 1.8            |
| Home environment (ch 6)  | 1.6         | 1.8         | 2.0         | 2.5         | 2.0         | 1.5         | 1.6         | 3.1         | 2.7            |
| Safe communities (ch 7)  | 4.8         | 6.5         | 4.8         | 7.3         | 6.1         | 2.1         | 5.2         | 3.9         | 2.9            |
| Other (ch 8)   | 1.0         | 1.0         | 1.5         | 1.4         | 1.3         | 1.0         | 1.0         | 1.1         | 1.0            |
| <b>All services</b>  | <b>2.4</b>  | <b>2.9</b>  | <b>2.5</b>  | <b>3.4</b>  | <b>3.3</b>  | <b>1.4</b>  | <b>2.5</b>  | <b>2.7</b>  | <b>1.7</b>     |

<sup>a</sup> Estimates are gross expenditure and have not been adjusted for inter-jurisdictional transfers and payments.

<sup>b</sup> Refer to relevant chapters for more detail on the estimates and specific guidelines for the use and interpretation of these data. <sup>c</sup> Totals may not add due to rounding. <sup>d</sup> Per head of population expenditure is not the same as expenditure per user, and should not be interpreted as a proxy for unit cost measure (box 1 provides further information). Population data are provided in appendix D, table D.1. <sup>e</sup> The ratio of Indigenous per head of population expenditure to non-Indigenous per head of population expenditure (box 1 provides further information). – Zero or rounded to zero.

Source: Indigenous Expenditure Report Steering Committee estimates.