

National Framework for
Reporting Expenditure on
Services to Indigenous
Australians:
Stocktake Report

Report to the Council of
Australian Governments

February 2009

*Indigenous Expenditure Report
Steering Committee*

Publications Inquiries:

Secretariat for the Indigenous
Expenditure Report Steering Committee

Locked Bag 2 Collins Street East
Melbourne VIC 8003

Tel: (03) 9653 2142
Fax: (03) 9653 2303
Email: gsp.ier@pc.gov.au

General Inquiries:

Tel: (03) 9653 2100 or (02) 6240 3200

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Foreword

The disparity between outcomes for Indigenous and non-Indigenous Australians — particularly gaps in life expectancy, child mortality, educational attainment and economic participation — is a significant policy challenge for all Australian governments. Governments have responded by contributing significant levels of funding in these and other areas — through both Indigenous specific and community wide programs. Yet information with which to assess the adequacy, effectiveness or efficiency of that expenditure is limited.

The Council of Australian Governments agreed in December 2007 to report transparently on expenditure on services for Indigenous people. This commitment was progressed by the Ministerial Council for Federal Financial Relations, with a decision to develop a national framework for reporting Indigenous expenditure.

As Chair of the Indigenous Expenditure Report Steering Committee, I present this Stocktake Report for endorsement. It proposes a framework agreed by jurisdictions for taking this work forward, as well as a preliminary assessment of jurisdictional capacity to report data.

Subject to endorsement, further work will be undertaken, with the expectation that the first annual report (including some initial estimates of Indigenous expenditure) will be produced in 2010. The estimation of the Indigenous share of expenditure on mainstream services is a complex task, and will require the commitment of resources by jurisdictions, data agencies and the Secretariat. Complete reporting against all areas of the framework is likely to take iterative improvement over several reports.

Annual National Indigenous Expenditure Reports based on the proposed framework will provide governments with a better understanding of the level and patterns of expenditure on services to Indigenous Australians, and assist policy makers to target policies to Close the Gap in Indigenous Disadvantage.

I would like to take this opportunity to express my thanks to all members of the Steering Committee for their substantial effort in preparing the following report. In particular, and on behalf of the Steering Committee, I would like to thank the Productivity Commission Secretariat for their invaluable assistance throughout the process.

Yours sincerely

Peter Robinson

Chair

Indigenous Expenditure Framework Steering Committee

March 2009

Steering committee

At 30 January 2009, the membership of the Steering Committee for the National Framework for Reporting Expenditure on Services to Indigenous Australians comprised:

Mr Peter Robinson (Chair)	Commonwealth Department of the Treasury
Mr Matthew James	Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs
Mr Ron Robinson	New South Wales Treasury
Ms Andrea Del Monaco	Victorian Department of Treasury and Finance
Ms Maryanne Kelly	Queensland Treasury
Mr Craig Warner	Western Australian Department of Treasury and Finance
Ms Katrina Ball	South Australian Department Treasury and Finance
Mr Adrian Christian	Tasmanian Treasury
Mr Bruce Michael	Northern Territory Treasury
Ms Helen Hill	Australian Capital Territory Treasury
Mr Garth Bode	Australian Bureau of Statistics
Ms Sally Goodspeed	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 Strait Islander Affairs
Mr Lawrence McDonald	Productivity Commission
Mr Danny Forwood (Secretariat)	Productivity Commission

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Abbreviations

ABS	Australian Bureau of Statistics
ACT	Australian Capital Territory
AIHW	Australian Institute of Health and Welfare
ANAO	Australian National Audit Office
CGC	Commonwealth Grants Commission
COAG	Council of Australian Governments
FaCSIA	Department of Family and Community Services and Indigenous Affairs
GFS	Government Finance Statistics
GPC	Government Purpose Classification
GST	General Services Tax
HoTs	Heads of Treasuries
IER	Indigenous Expenditure Report
MCATSIA	Ministerial Council for Aboriginal and Torres Strait Islander Affairs
MCFFR	Ministerial Council for Federal Financial Relations
NSW	New South Wales
NT	Northern Territory
OID	Overcoming Indigenous Disadvantage
PC	Productivity Commission
Qld	Queensland
RoGS	Report on Government Services
RoGSP	Review of Government Service Provision
SA	South Australia
SCRGSP	Steering Committee for the Review of Government Service Provision

Steering Committee	Steering Committee for the National Framework for Reporting Expenditure on Services to Indigenous Australians
Tas	Tasmania
Vic	Victoria
WA	Western Australia
WGIR	Working Group on Indigenous Reform

OVERVIEW

Terms of reference

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
 - 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.

Overview

Despite the commitment of significant government expenditure over many years,¹ disparities between outcomes for Indigenous and non-Indigenous Australians persist (particularly in the areas of life expectancy, child mortality, educational attainment and economic participation). 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.

The Indigenous Expenditure Report Steering Committee (the Steering Committee) — under the auspices of the Ministerial Council for Federal Financial Relations — has developed a National Framework for collecting and reporting government expenditure on services to Indigenous and non-Indigenous Australians. The National Framework is presented in this report for endorsement by the Council of Australian Government (COAG).

Estimating the Indigenous component of expenditure — especially for mainstream services — is a complex exercise that is new to most jurisdictions. As a consequence, it is likely to take time before all data achieve a level of reliability that enables meaningful reporting for all expenditure areas. Subject to COAG endorsement, further development work will be undertaken with the expectation the first *Indigenous Expenditure Report* will be produced in 2010. This report will include all data that are sufficiently reliable, as well as an assessment of the work and time required to address any remaining reporting gaps and areas for further data quality improvement.

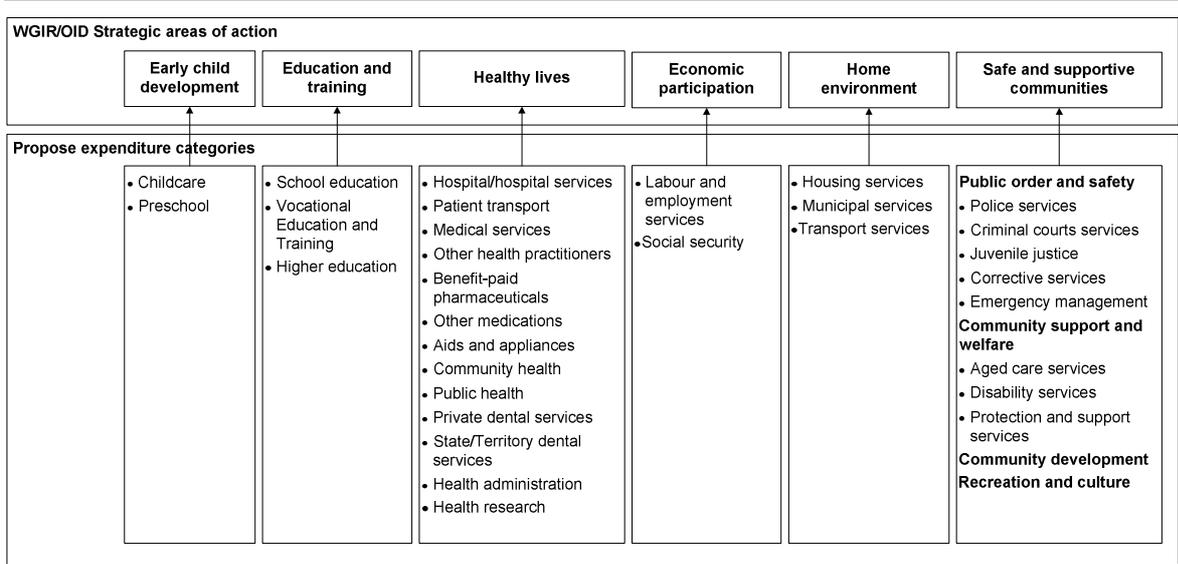
¹ For example, Commonwealth Government spending on Indigenous-specific initiatives between 1968-69 and 2006-07 has been estimated to have been at least \$60.5 billion (2006-07 dollars) (chapter 1, figure 1.1). This represents a lower bound of expenditure, as it does not include expenditure on mainstream Commonwealth services or expenditure by other levels of government.

What will the Indigenous Expenditure Report provide

The National Framework will enable the reporting of national estimates of government expenditure on services to Indigenous people that will be:

- *comparable* — the estimates will be comparable across jurisdictions and with data collected for other purposes that follow standard ABS classifications.
- *relevant* — the mapping of the National Framework to the Working Group on Indigenous Reform (WGIR) and *Overcoming Indigenous Disadvantage: Key Indicators* (OID) report frameworks will assist policy makers to formulate and assess government policy (figure 1). While initial mapping will be at a high level, more detailed linkages with outcomes might be possible over time. Expenditure estimates will also assist Commonwealth Grants Commission work.
- *reliable* — the commitment, as part of the methodology, to report on the quality of data and encourage ongoing data improvement (in collaboration with other exercises) means that the quality of estimates will be known, and that improvements to quality can be targeted. Basic sensitivity analysis will provide transparency to the published estimates. It is likely, however, to take time to achieve reliable data for all expenditure areas.
- *cost effective* — the proposed approach draws largely on existing expenditure data which will be apportioned between Indigenous and non-Indigenous expenditure. Although additional detail is required to map Government Purpose Classification (GPC) classifications to all WGIR strategic areas, this process will

Figure 1 Alignment of National Framework with WGIR/OID outcomes^a



^a See chapter 5 and appendix A for more detail.

be far less resource intensive than attempting to aggregate Indigenous expenditure from the program/service level. However, obtaining information to apportion expenditure between Indigenous and non-Indigenous people will require the commitment of resources by jurisdictions, data agencies and the secretariat.

- *timely* — an initial report on expenditure for 2008-09 is expected to be achievable in 2010. Subsequent reports should be possible on an annual basis for the previous financial year.

The National Framework estimates will be presented in an annual *Indigenous Expenditure Report* that will include:

- *presentation of expenditure estimates* — estimates by WGIR/OID strategic area and jurisdiction for Indigenous and non-Indigenous people of both absolute levels of expenditure and standardised comparators such as expenditure per person.
- *contextual information* — contextual information (such as relative levels of need and geographical location) that should be taken into account when interpreting the expenditure estimates.
- *description of the methodology* — an overview of the methodology, a commentary on how closely the data for each jurisdiction and service area follow the methodology, and statements regarding the overall quality and reliability of the data.

Although the task is complex and early reporting is likely to be limited in terms of scope and quality, the Steering Committee is confident that reliable data can be achieved over time. However, the support and commitment of all jurisdictions — particularly in the first years of development — are essential if the National Framework is to produce meaningful and useful estimates.

The National Framework

Expenditure framework principles

The Steering Committee developed the following high level principles to ensure that the National Framework will meet the needs of a wide range of data users:

- *A comprehensive approach* — The National Framework should provide a comprehensive collection that is sufficiently flexible to allow complex analysis, and be comparable to data collected for other purposes, by:

-
- *including all types of government expenditure* — The framework considers government expenditure on both specific and mainstream services. It also takes into consideration the full breadth of government expenditure, to allow expenditure reported under the National Framework to be reconciled with expenditure data collected for other purposes.
 - *adopting the ABS Government Finance Statistics (GFS) Input Classifications* — Basing the National Framework on the established ABS classifications provides a high level of consistency with data collected for other purposes and reduces the administrative burden on jurisdictions’ treasury and finance departments (who are familiar with the ABS classifications)
 - *providing for levels of disaggregation that facilitate complex analysis* — Over time, it is expected that ongoing development of the National Framework allow data to be reported on a basis which facilitates meaningful policy analysis (for example, sub-jurisdiction, program/portfolio expenditure, age/sex). However, initial disaggregation will be at a high level.

The high-level National Framework can also be extended by other researchers for more detailed analysis, for example at the regional or community level, or by specific sub-populations of interest (such as women or young people).

- *Alignment with COAG Indigenous outcome reporting* — The National Framework should allow reporting on expenditure in a manner consistent with the aligned WGIR and OID strategic framework. There will, however, be limits on how closely the National Framework can be linked with *specific OID* outcome measures. The WGIR/OID outcome areas are not necessarily related to specific policy actions or services, which makes it difficult to reliably link all WGIR/OID indicators to specific government expenditure. A further separate body of work would be required to consider linkages between multiple policy actions/services and particular outcomes.
- *Reported results can be clearly interpreted* — The *Indigenous Expenditure Report* should be presented in a format that is useful to policy makers. This includes a clear link between expenditure and outcomes, an acknowledgement of other influencing factors and an explicit statement of the reliability of the estimates.

Methodology

Identifying the share of government expenditure that goes towards services to Indigenous people is not straightforward. Although expenditure on Indigenous-specific services can generally be identified, the proportion of expenditure on

mainstream services that relates to services to Indigenous people is not recorded methodically and must be estimated.

Figure 2 provides a broad overview of the methodology, which comprises three discrete steps:

- *expenditure data classification* — jurisdictions classify expenditure by the purpose of the expenditure (according to the COAG-endorsed WGIR/OID strategic areas for action), and separately identify any Indigenous specific programs and services. This provides an estimate of Indigenous-specific and mainstream expenditure by strategic area.

These allocation are not straightforward. Although jurisdictions are familiar with the ABS classifications, some categories of the GPC do not provide sufficient disaggregation to map to the WGIR/OID strategic areas for action. As a consequence, jurisdictions will be required to apportion data for a limited number of additional GPC sub-categories. In addition, most jurisdictions have not previously reported Indigenous specific expenditure by GPC.

Expenditure data classification will require liaison between jurisdictions to identify consistent definitions and guidelines, and within jurisdictions to obtain a better understanding of the data. Although the first draft of definitions and guidelines are expected to be agreed for the first report, reliable data may not be able to be reported for all expenditure areas or for all jurisdictions for some time.

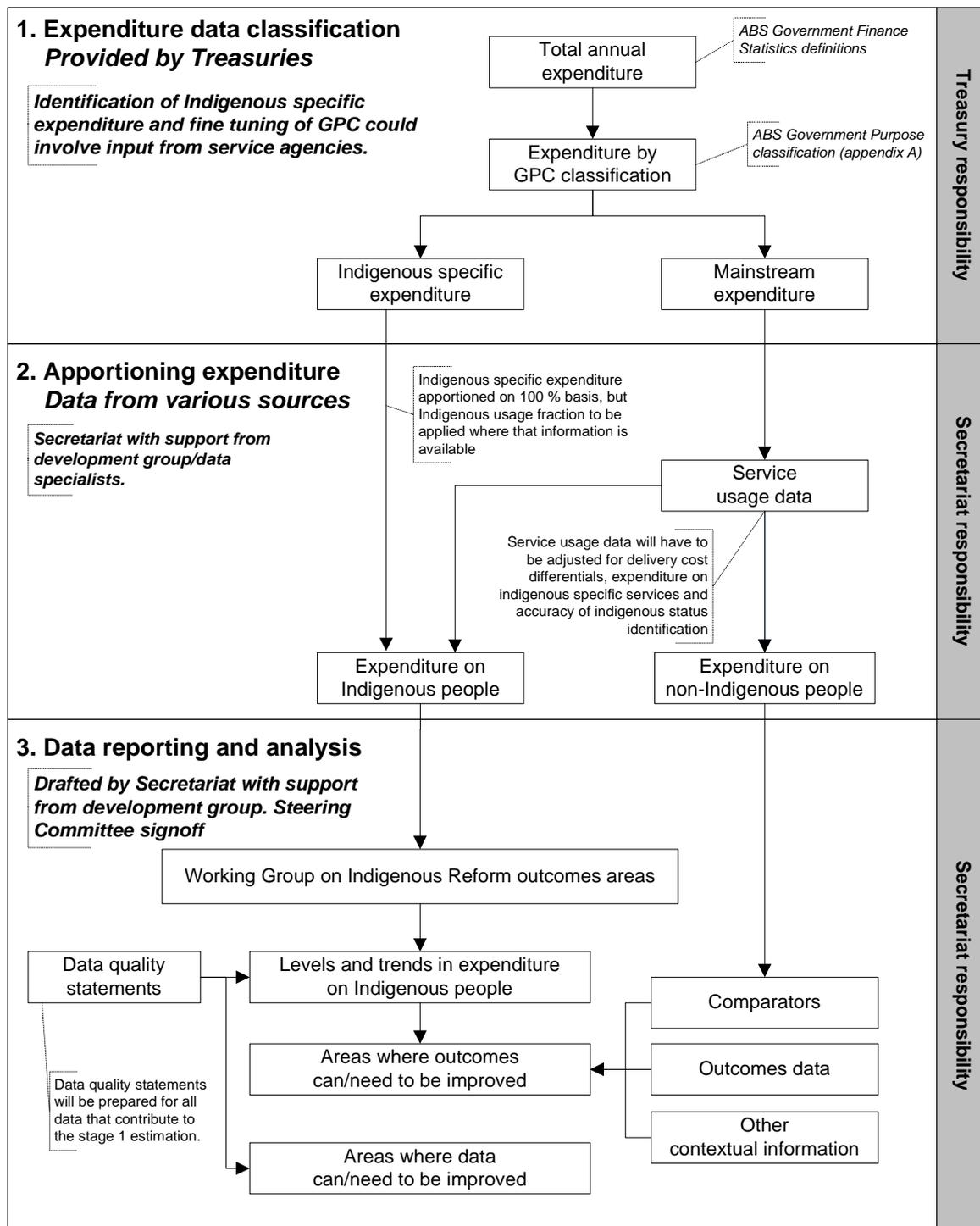
- *apportioning mainstream expenditure* — expenditure on mainstream services is apportioned between services provided to Indigenous and non-Indigenous people on the basis of service use.

Measures of service use provide a proxy of the distribution of costs (expenditure) among services users. For example, the proportion of Indigenous children enrolled in school can be used as a proxy for the share of total mainstream expenditure on schools that is directed toward services to Indigenous children.

Apportioning expenditure is anticipated to be difficult in practice, as the service use measure must have a demonstrated relationship to cost. Service use measures are likely to require adjustments for Indigenous *under-identification* (the degree to which service users do not identify as Indigenous) and *cost differential* (the extent to which the unit cost of providing services to Indigenous and non-Indigenous people varies).

- *Data reporting and analysis* — expenditure estimates will be reported in a format that is useful to policy makers. This includes a clear link between expenditure and outcomes as well as an acknowledgement of other ‘external

Figure 2 Overview of methodology^a



^a See chapter 4 for more detail.

factors’ that might influence outcomes. This will help identify, at a high level, areas where further improvement might be possible, or where more detailed investigations are warranted.

However, as noted, the quality and scope of reporting are likely to be limited in early report. As a consequence, an important part of reporting will be to provide policy makers with a good understanding of the reliability of the data. Decisions related to the timing of policy decisions might also be improved by identifying remaining gaps in reporting and strategies addressing these gaps (or further improve data quality).

The way forward

The Steering Committee has conducted an initial survey of jurisdictions' ability to provide the required expenditure data as well as the sources (and quality) of potential service use measures (chapter 5, appendix B).

Expenditure data availability

Although all jurisdictions have provided data to the ABS following the GPC classification, a small number of extensions to the GPC are necessary to map to the WGIR/OID strategic areas for action.

Feedback from some jurisdictions suggest that it should be possible to provide expenditure data in the form required. However, not all jurisdictions were able to provide comprehensive responses in the time available. In other cases, the responses should be interpreted as *indicative*, because detailed data definitions and guidelines for classifying data have yet to be agreed.

A considerable amount of work will be required in 2009 to assist jurisdictions to provide the required data. The Steering Committee, in consultation with data experts from the jurisdictions, will need to develop nationally consistent definitions and guidelines. Jurisdictions will need to consult with their respective service agencies to gain a better understanding of their data.

The Steering Committee anticipates that a range of data will be reported in the first *Indigenous Expenditure Report*, but that in many areas development work will identify where further work is required. As noted previously, system and data deficiencies mean that the scope and quality of reporting for some jurisdictions may be limited in the short term.

A secondary benefit from this work will be that any improvements in data quality will also flow to the data provided to the ABS and will provide jurisdictions with a better understanding of their own data.

Service use data availability

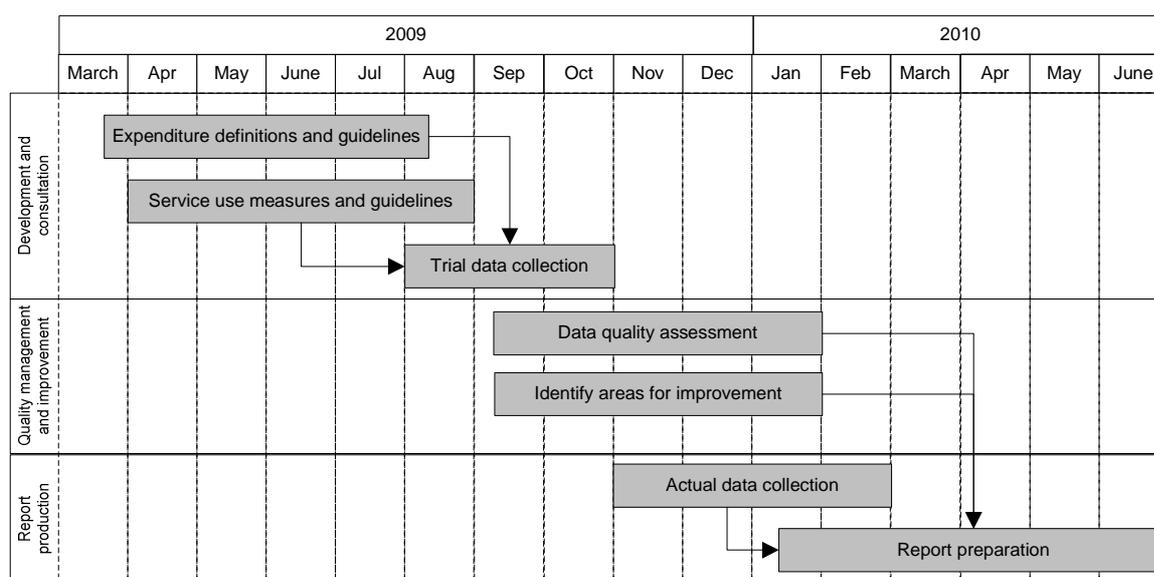
Although the choice of service use measures has yet to be finalised, the Steering Committee has examined a wide range of possible sources of data. Identifying appropriate service use measures will be difficult, and improving the quality of these measures could be a significant long term task. For some measures of service use, under-identification and cost differential information are unknown or of poor quality.

Improving the quality of the collections that are likely to be most useful for service use measures could require considerable resources, and might also require a high level of cooperation from the agencies that administer the respective collections. The Steering Committee will work closely with the WGIR, the COAG Reform Council and the Steering Committee for the Review of Government Service Provision on strategies to improve data collections that contribute to a range of national reporting exercises.

Report tasks and timeline

Figure 3 provides an overview of the major steps that must be completed to produce the first report (chapter 6). The estimated durations of these tasks are indicative, and are highly dependent on the complexity of the task and on the support and commitment of jurisdictions. Appropriate resourcing of this exercise is essential if

Figure 3 Indicative timelines for the major tasks of the first report cycle^a



^a See chapter 6 for more detail.

meaningful reporting is to be achieved within an acceptable time-frame. Some aspects of the National Framework will be resolved in a relatively short time, with the majority of ongoing work relating to improving the quality of data and reporting. The resource commitments of jurisdictions' treasury and finance departments are expected to reduce over time. However, there will be a need for continuing development of the National Framework and of data quality in subsequent reports.

The Steering Committee will put in place a process of continual improvement over a number of years, with priorities and strategies identified in the strategic planning phase at the beginning of each report cycle. This will help ensure that the report meets the needs of governments.

Consultation

To date, the Steering Committee and Secretariat have consulted within government, but have not consulted with other important stakeholders, particularly Indigenous people and their organisations. Further consultation within government is expected to be essential to develop definitions and guidelines for expenditure and service use data.

The Steering Committee considers it important to consult with potential users of the report and with Indigenous people on the purpose, underlying principles and methodology of the report. Subject to COAG endorsement of this stocktake report, the Steering Committee proposes a more structured consultation strategy specific to the IER (chapter 2).

1 Introduction

At its 20 December 2007 meeting, the Council of Australian Governments (COAG) agreed to report transparently on expenditure on services for Indigenous people. This commitment was progressed at the 14 January 2008 meeting of the Ministerial Council for Federal Financial Relations (MCFFR), with a decision to develop a national framework for reporting expenditure on Indigenous services (box 1.1).

The Indigenous Expenditure Report Steering Committee (the Steering Committee)¹ — which was established under the auspice of MCFFR in May 2008 — has developed a framework and methodology for collecting and reporting expenditure on services to Indigenous and non-Indigenous Australians. The National Framework is presented in this report for endorsement by COAG. Subject to COAG endorsement, further development work will be undertaken with the expectation that a report including initial estimates of expenditure on services to Indigenous Australians will be produced in early 2010.

This chapter reviews the importance of Indigenous expenditure information in the policy process (section 1.1). Section 1.2 provides an overview of the currently available information and discusses existing data gaps and limitations. In section 1.3, the role of the proposed Indigenous Expenditure Report (IER) is discussed, including how the IER will relate with other COAG reporting on Indigenous issues. Section 1.4 provides an outline of the remainder of the report.

1.1 The need for Indigenous expenditure information

The disparity between outcomes for Indigenous and non-Indigenous Australians — in particular, the gaps in life expectancy, child mortality, educational attainment and

¹ The Steering Committee is chaired by the Commonwealth Treasury and has representatives from all Treasuries, the Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs, the Ministerial Council for Aboriginal and Torres Strait Islander Affairs Secretariat, the Australian Bureau of Statistics, the Australian Institute of Health and Welfare, the Commonwealth Grants Commission and the Productivity Commission (which also provides the secretariat) (see page V for a list of current members).

**Box 1.1 Extract from Ministerial Council for Federal Financial Relations
Communiqué, 14 January 2008**

Funding of services to Indigenous people

Commonwealth and State and Territory Treasurers today further affirmed the importance of measuring the cost-effectiveness of Indigenous programs as a means of informing better policy making in Indigenous affairs. To facilitate this, Treasurers agreed that all jurisdictions will cooperate in the development of a national framework for reporting expenditure on Indigenous services.

The national framework will comprise expenditure by all jurisdictions, at both Commonwealth and State/Territory levels and will seek to include both Indigenous specific and mainstream spending on services for Indigenous Australians in areas such as: education; justice; health; housing; community services; employment; and other significant expenditure. In so doing, the focus will be in relation to on-the ground services.

The national framework will cover spending in relation to all funding sources, not just funding arising from the Commonwealth Grants Commission equalisation process. A report in accordance with the national framework will be provided to COAG annually, and an initial 'stocktake' report will be provided for the first COAG meeting in 2009.¹

¹ The Ministerial Council subsequently requested the stocktake report be provided for the 'Closing the gap' COAG meeting in March 2009.

Source: MCFFR (2008), pp. 2–3.

economic participation — have been highlighted by a long list of studies (ANAO 2007; ABS and AIHW 2005, 2008; SCRGSP 2003, 2005, 2007). Although successive governments at all levels have implemented policies to address this disparity, gaps persist in many areas.

For example, the 2007 *Overcoming Indigenous Disadvantage: Key Indicators* report which observed trends in Indigenous outcomes, found that many Indigenous people had experienced improved employment outcomes and higher incomes. There had also been welcome improvements in some educational and health outcomes for Indigenous children. Yet, even where improvements had occurred, Indigenous people continued to do worse than other Australians — and many indicators showed little or no movement. In some areas, particularly criminal justice, outcomes for Indigenous people had deteriorated (SCRGSP 2007).

Reasons for these persistent gaps in outcomes are complex, arising from a mix of historical, social and economic causes (SCRGSP 2007). In response to this entrenched disadvantage, governments have spent significant amounts of money over many years, but often with little apparent effect. Yet there is only limited information with which to assess either the adequacy of expenditure (that is,

whether enough money has been allocated to overcoming Indigenous disadvantage), or the effectiveness and efficiency of that expenditure (that is, whether government expenditure has contributed to improved outcomes, and whether it has done so without wasting resources). Better information about government expenditure on services to Indigenous Australians would improve governments' ability to:

- assess the priorities on the basis of which resources are allocated or should be allocated
- measure the efficiency of the delivery of services and identify opportunities to improve the delivery of services or reduce waste and duplication
- assess appropriate funding adjustments to achieve optimal service delivery (QSDPC 2007).

A first step is to collect robust expenditure data. Current availability of information varies across jurisdictions and across areas of service delivery. The NT Government has produced two comprehensive reports which identify expenditure on both Indigenous-specific programs and on Indigenous peoples' use of mainstream services (NT Treasury 2006; 2008). The Commonwealth and most other jurisdictions can identify Indigenous specific expenditure, but not expenditure on mainstream services used by Indigenous people.

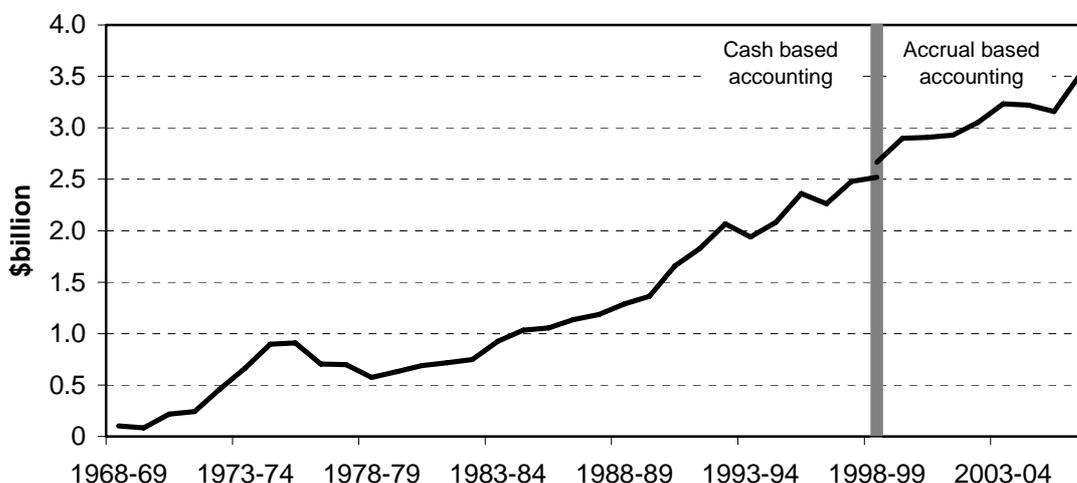
Gardiner-Garden and Park (2007) estimate that between 1968-69 and 2006-07, the Commonwealth Government spent at least \$60.5 billion (2006-07 dollars) on Indigenous specific initiatives (figure 1.1). This represents a lower bound of expenditure, as it does not include expenditure on mainstream Commonwealth services or expenditure by other levels of government.

In a review of the Whole of Government Indigenous Service Delivery Arrangements for Commonwealth departments, the Australian National Audit Office observed that:

While achievements have been made in developing whole of government priorities for Indigenous service delivery, reporting of the contribution of individual departments has not kept pace with the new way of working. Individual departments continue to plan and provide information within the Outcomes/Outputs framework concerning their individual expenditure on Indigenous programmes and activities. Under current reporting arrangements it is not possible to obtain a clear picture of whole of government Indigenous expenditure, and performance information relating to whole of government initiatives is either absent or poorly developed. (ANAO 2007, p. 23)

It is important to include expenditure on mainstream services that are (or could) be used by Indigenous people. Because Indigenous people, as a group, experience significant disadvantage relative to the rest of the Australian population, they are

Figure 1.1 Commonwealth Indigenous specific expenditure, 1968-69 to 2006-07(2006-07 dollars)



Note: Does not take Indigenous use of mainstream services or substitution of services between various levels of government into consideration.

Source: Gardiner-Garden and Park (2007).

important actual and potential users of many mainstream services that are provided on the basis of need. Three-quarters of the Indigenous population live in cities and regional areas, close to mainstream services. Shifting patterns of internal migration mean that in some regional areas, Indigenous people make up significant proportions of the population, and so are becoming the ‘mainstream’ for services in those areas.

In 2001, a Commonwealth Grants Commission report highlighted the need to examine the performance of mainstream services delivered to Indigenous people. This report found that, no matter where they lived, Indigenous people had ‘very much lower rates’ of usage of mainstream services:

It is clear from all available evidence that mainstream services do not meet the needs of Indigenous people to the same extent as they meet the needs of non-Indigenous people. (CGC 2001, p. XV)

Policy designed to overcome Indigenous disadvantage will be better formed and targeted if governments have a clearer picture of the impact that government expenditure on services to Indigenous people is having on outcomes by:

- *aiding the assessment of expenditure against need* — for example, by facilitating the comparison of the level of expenditure on services for Indigenous and non-Indigenous people

-
- *providing a framework for cost-effectiveness studies* — the methodology could be extended to more detailed cost-effectiveness studies for individual jurisdiction or services
 - *improving the monitoring of the progress on Indigenous reform initiatives* — better Indigenous expenditure information would assist not only the Treasurers but also assist the Working Group on Indigenous Reform (WGIR) and the evaluation of progress in closing the gap initiatives.

The IER could also improve government accountability (through transparent reporting) and contribute to a more accurate distribution of the pool of Goods and Services Tax payments.

1.2 Limitations of existing information

Some information is currently available on government expenditure on Indigenous services. These studies provide useful examples of what can be achieved using different methodologies for reporting expenditure, but also have limitations.

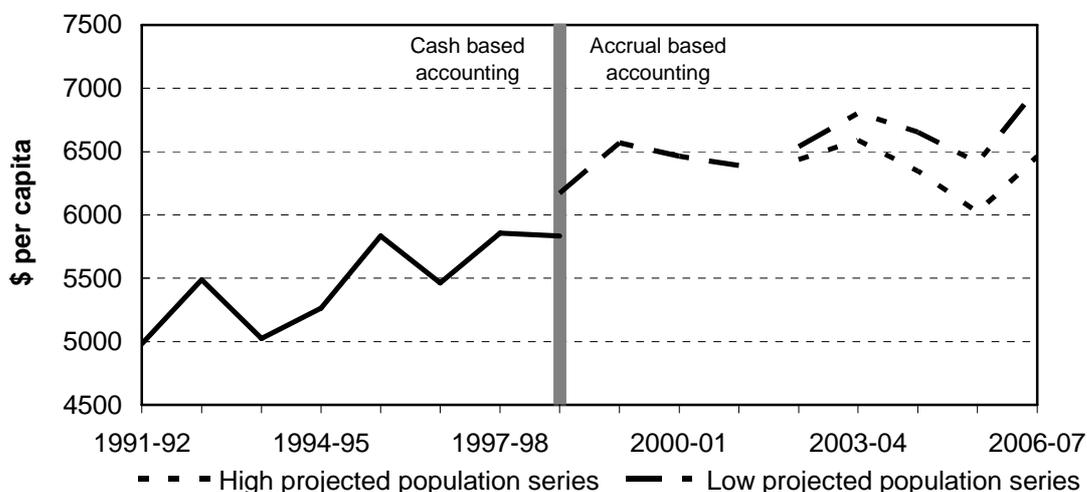
Estimates of Commonwealth Indigenous-specific expenditure 1968–2006

Gardiner-Garden and Park (2007) provide a useful overview of Commonwealth expenditure in the area of Indigenous affairs over the 40 years from 1968 to 2008. Their paper focuses on Indigenous-specific expenditure, and highlights the limitations of a simple aggregation approach to estimating total expenditure.

The data are compiled from a wide range of published sources, including annual reports, research papers, budget papers and Ministerial Statements. As a consequence, the collection is influenced by the different methodologies and classifications under which the data were initially collected and reported.

An example of the type of data compiled by Gardiner-Garden and Park is provided in figure 1.2. As Gardiner-Garden and Park note, these data are not an accurate measure of government expenditure on services to Indigenous people because Indigenous use of mainstream services (which is substantial) and expenditure by other levels of government are not taken into consideration.

Figure 1.2 **Real identifiable Commonwealth Indigenous-specific expenditure per capita, 1991-92 to 2006-07 (2006-07 dollars)^{a, b}**



^a Does not take Indigenous use of mainstream services or substitution of services between various levels of government into consideration. ^b Based on ABS estimated and projected Indigenous population. The high projected population series assumes higher fertility and lower mortality than the low projected population series.

Source: Gardiner-Garden and Park (2007).

Australian Institute of Health and Welfare estimates of expenditures on health services for Aboriginal and Torres Strait Islander people

Since 1998 the Indigenous health expenditure series of reports has estimated expenditures on direct health services for Aboriginal and Torres Strait Islander people. The series was initially commissioned by the then Commonwealth Department of Health and Family Services, with the support of all State and Territory health authorities. It was undertaken by the National Centre for Epidemiology and Population Health (Australian National University) and the AIHW.

The first report, covering data for 1995-96, was released in July 1998 (AIHW 1998). Subsequent reports covering data for 1998-99, 2001-02 and 2004-05 were released in 2001, 2005 and 2008 respectively (AIHW 2001, 2005, 2008). An example of the type of data provided by the AIHW Indigenous health expenditure series is provided in table 1.1.

The AIHW methodology collects data from the Australian Government, State and Territory governments and the non-government sector under its national health expenditure data framework. The AIHW apportions these data between expenditure

Table 1.1 Total expenditures on health services for Indigenous and non-Indigenous people, by service, 2004-05

	<i>Total expenditure</i>		<i>Expenditure per person</i>		
	<i>Indigenous</i>	<i>Non-Indigenous</i>	<i>Indigenous</i>	<i>Non-Indigenous</i>	<i>Ratio^a</i>
	\$m	\$m	\$	\$	
Hospitals	1 080.7	27 337.6	2 213	1 386	1.60
Public hospital services ^a	1 048.6	21 042.7	2 147	1 067	2.01
Admitted patient services	799.4	16 226.8	1 637	823	1.99
Non-admitted patient services	249.2	4 815.8	510	244	2.09
Private hospitals	32.1	6 295.0	66	319	0.21
High-level residential care	41.7	6 283.4	85	319	0.27
Patient transport	103.5	1 369.9	212	69	3.05
Medical services	164.6	14 483.5	337	734	0.46
Community health services	497.8	3 052.7	1 019	155	6.59
Dental and other health practitioners	78.0	7 811.8	160	396	0.40
Medications	109.4	11 056.4	224	561	0.40
Aids and appliances	18.6	2 591.4	38	131	0.29
Public health	88.9	1 350.3	182	68	2.66
Research	46	1 669.0	94	85	1.11
Health administration nec	74.6	2 254.5	153	114	1.34
Total	2 304.0	79 260.4	4 718	4 019	1.17
Government					
Australian Government	585.5	25 397.0	1 199	1 288	0.93
State and Territory governments	1 537.1	26 844.1	3 148	1 361	2.31
Total Government	2 122.6	52 241.0	4 347	2 649	1.64
Non-government	181.4	27 019.4	371	1 370	0.27
Total	2 304.0	79 260.4	4 718	4 019	1.17

^a Ratio of Indigenous expenditure per person to non-Indigenous expenditure per person. ^b Public hospital services excludes any dental services, community health services, patient transport services, public health and health research undertaken by the hospital. **nec** Not elsewhere classified.

Source: AIHW (2008).

for services to Indigenous and non-Indigenous Australians, using weights for Indigenous use of services (adjusted for under-reporting and the cost differential of providing services to Indigenous people). Various methods are applied to estimate these parameters depending on data availability and whether the program services Indigenous people only or a mix of clients.

The AIHW methodology applies a consistent methodology to the data collection, which allows detailed disaggregation of data. The reports include expenditure by all levels of government and the non-government sector, and allows for reliable

comparisons of expenditure on Indigenous and non-Indigenous Australians on a service and geographical basis.²

The AIHW Indigenous health expenditure series, by design, only measures expenditures on health services, which it defines as:

... all expenditures on goods and services that have the main objective of improving or maintaining health, or of reducing the effects of disease and injury. It does not include those expenditures that, as a secondary purpose, have an impact on health but whose main purpose is something other than health (such as water supply, sanitation or road safety) or expenditure on what can be referred to as the ‘social determinants of health’ (such as housing, education or poverty alleviation, etc.). (AIHW 2008, p. 44)

A characteristic of the AIHW approach is that higher-level estimates of expenditure are derived by aggregating the Indigenous share of expenditure for many different types of lower level services. This highly detailed data collection has been developed over 10 years and while this provides greater scope for analysis at lower levels, the complexity and size of such an undertaking would be impracticable for a national collection that aims to identify the Indigenous share of all government expenditure.

The Northern Territory Indigenous expenditure reviews

Indigenous expenditure reviews were conducted by the NT Treasury in 2006 and 2008 with the objective of informing:

... the ongoing and important debate about government spending on services for Indigenous people by providing a robust and transparent estimate of Northern Territory Government expenditure and revenue that is related to the Territory’s Indigenous population. (NT Treasury 2008, p. 5)

The 2008 NT review notes that, despite Indigenous people representing around 30.4 per cent of the NT population, ‘... Indigenous people are disproportionately high users, in some cases dominant users, of mainstream government services in the Territory’ (NT Treasury 2008, p. 6). The NT methodology attributes more than half of the Territory’s expenditure to services for Indigenous people (table 1.2).

The NT reviews provide a useful example of what can be achieved in terms of identifying the Indigenous related component of expenditure across a broad range of mainstream services.

² The AIHW includes non-government expenditure which it estimated to be around 8 per cent of total health expenditure for Indigenous Australians and 34 per cent for non-Indigenous Australians in 2004-05 (AIHW 2008, p. 63).

Table 1.2 **Estimate of NT expenditure related to the Indigenous population 2006-07**

	Agency expenditure	Agency share of total NT expenditure	Indigenous related expenditure	
			Share of agency expenditure	Total estimated expenditure
	\$m	%	%	\$m
Human services agencies	1 950.2	62.8	56.4	1 099.2
Economic services agencies	541.5	17.4	43.2	234.1
Support agency	142.3	4.6	50.9	72.5
Central agency	473.2	15.2	46.9	221.7
Total	3 107.2	100.0	52.4	1 627.5

Source: NT Treasury (2008).

Commonwealth Grants Commission state revenue sharing relativities

The Commonwealth Grants Commission (CGC) Goods and Services Tax (GST) sharing methodology incorporates a recognition of expenditure on Indigenous people (including an assessment of differences in the costs of providing services to Indigenous and non-Indigenous people) (table 1.3).

Expenditure on services to Indigenous people are estimated on the basis of Indigenous use of services and unit cost differences that arise from socio-demographic characteristics, their culture and lifestyles and where they live. These estimates were the basis for redistributing \$1.4 billion of the \$3.6 billion that was redistributed for 2008-09.

1.3 Role of the national framework

The IER will provide Australian, State and Territory governments with a better understanding of the level and patterns of expenditure on Indigenous people. The proposed framework for the report, although primarily for national reporting, has been designed to allow jurisdictions to further disaggregate reporting for more detailed analysis (for example, at a regional or community level). In addition, the alignment of the proposed framework for the report with other national reporting exercises, such as the *Overcoming Indigenous Disadvantage: Key Indicators* report (OID report), will facilitate analysis of the relationship between levels and patterns of expenditure and high level outcomes.

Table 1.3 Estimated expenditure per Indigenous and non-Indigenous person, 2006-07

<i>Service</i>	<i>Indigenous</i>	<i>Non-Indigenous</i>	<i>Ratio</i>	<i>Method and data source</i>
	\$person	\$person		
Schools	2 740	1 210	2.26	Based on lower Indigenous age based enrolment rates derived from ABS Schools Collection and a unit cost differential of 1.391 derived from data provided by NSW, SA and the NT
Vocational education and training	540	240	2.25	Based on higher Indigenous use rate of 2 derived from NCVET annual contact hour data and estimated unit cost differential of 1.1 (data are presently being collected from States)
Admitted patients ^a	2 150	1 010	2.13	Uses AIHW data on expenses for Indigenous and non-Indigenous services
Community and other health services	1 660	530	3.13	Uses AIHW data on expenses for Indigenous and non-Indigenous services
Welfare services	1 530	410	3.73	Based on differences in use rates derived from a range of administrative data set, including Commonwealth pensioner data, HACC and CSTDA data and State provided data
Housing ^b	800	80	10.00	Based on cost weighted user data derived from FaCSIA Annual Report 2004-05 and ABS Housing and Infrastructure in ATSI Communities 2006
Justice services	3 130	540	5.80	Based on Indigenous and non-Indigenous use rates derived from National Police Custody Survey(AIC), State provided criminal court data and ABS Prisoners Australia

^a Included admitted patients to public hospitals, nursing homes for the aged and psychiatric hospitals. ^b Net of rent.

Source: Unpublished information provided by the Commonwealth Grants Commission.

Indigenous expenditure report

An annual publication will be produced to report the estimated expenditure on services for Indigenous and non-Indigenous people. This report will include:

- *description of the methodology* — an overview of the methodology, a commentary on how closely the data for each jurisdiction and service area follow the methodology, and statements regarding the overall quality and reliability of the data

-
- *presentation of expenditure estimates* — estimates by strategic area and jurisdiction for Indigenous and non-Indigenous people both of absolute levels of expenditure and of standardised comparators such as expenditure per person
 - *contextual information* — contextual information that should be taken into account when interpreting the expenditure estimates.

Where relevant, the report will also include some outcome information from aligned reports such as the OID report (box 1.2).

Alignment with other reporting

The proposed report framework is based on the ABS Government Purpose Classification (GPC) and the aligned WGIR and OID report framework, which was endorsed by COAG in November 2008 (COAG 2008). The proposed report framework will allow data collected under these other frameworks to be readily compared with data collected for the IER.³ This includes, for example, data collected for Commonwealth Grants Commission purposes and ABS Government Finance Statistics (GFS). The alignment of these frameworks is discussed in greater detail in chapters 3, 4 and appendix A.

The IER will not replace existing reports that provide more detailed monitoring of expenditure in specific areas (such as the AIHW estimates of expenditures on health services for Aboriginal and Torres Strait Islander people). Nor will it replace data collections such as the ABS GFS collection.

A framework for more detailed analysis

The National Framework is designed primarily to facilitate estimation and reporting of data that are consistent and comparable across all jurisdictions. For pragmatic reasons, there is a limit to the level of detail that can be collected and reported on a national basis. The framework can be adapted by individual jurisdictions or studies to generate more detailed estimations (for example, small area studies) that can be compared to the state or national averages. To facilitate this, all published data will be made publically available on request.

³ Data will be grouped under the same classifications at some level of aggregation, and users will be able to understand the reason for any differences in estimates that might exist.

Box 1.2 Outcome reporting to COAG

Overcoming Indigenous Disadvantage: Key Indicators report (OID report) — The OID report is produced by the Steering Committee for the Review of Government Service Provision (SCRGSP) at the request of COAG for regular reports on key indicators of Indigenous disadvantage. The reporting framework has two tiers: ‘headline’ indicators for the longer term outcomes sought; and a second tier of ‘strategic change indicators’ that are potentially responsive to government policies and programs in the shorter term.

In 2008, COAG adopted six ‘closing-the-gap’ targets, which represent the ultimate objectives all Australian governments have for Indigenous people. To meet these targets, COAG has determined that it is necessary to establish a number of areas for particular attention, known as Building Blocks.

Report on Government Services (RoGS) — The RoGS was commissioned by Heads of Government (now COAG) in 1993 to:

- provide ongoing comparisons of the performance of government services
- report on service provision reforms that governments have implemented or that are under consideration.

The focus of the report is on the equity, effectiveness and efficiency of specific government services. In 1997, the Prime Minister requested the SCRGSP to give particular attention to measuring the performance of mainstream services provided to Indigenous Australians. Since 2003, a separate annual Indigenous Compendium has collated all the Indigenous data from the report.

National Performance Reporting Framework agreed by COAG in November 2008 — Indigenous specific outcomes are contained in the COAG National Agreements. Under the new National Performance Reporting Framework, the COAG Reform Council (CRC) will produce annual reports containing the data on the performance indicators specified in the National Agreements, as well as its own comparative analysis of the performance of governments in meeting the objectives of the Agreements.

There is a National Agreement on Indigenous Reform, which includes indicators that have been identified by the Working Group on Indigenous Reform that are required to track progress towards the closing the gap targets, as well as the performance indicators relevant to Indigenous people that are contained in the other National Agreements. Data on these indicators will be included in the CRC reports.

1.4 Report outline

The remainder of this report presents the Steering Committee’s proposed approach to national Indigenous expenditure reporting for COAG endorsement.

-
- *governance and liaison frameworks (chapter 2)* — The Steering Committee’s proposed governance and liaison frameworks are presented in chapter 2. Further development and reporting against the proposed framework will involve the commitment of resources and participation of all jurisdictions. The Steering Committee also strongly supports active consultation with key stakeholders, particularly Indigenous people and their representatives.
 - *expenditure framework principles (chapter 3)* — The Steering Committee’s guiding principles to underpin the long-term strategic development of the report are presented in chapter 3. The proposed national framework seeks to anticipate the information requirements of a wide range of stakeholders and potential report uses. Collecting data to meet all these requirements will require iterative improvement in the report over time.
 - *reporting methodology (chapter 4)* — The technical aspects of the methodology, including how expenditure data will be collected, apportioned and reported, are summarised in chapter 4.
 - *Available information and data gaps (chapter 5)* — A stocktake of the current availability and quality of expenditure and usage data is presented in chapter 5. This chapter also includes a discussion of how data gaps will influence the content of reports in the short and medium term.
 - *Future directions (chapter 6)* — The key next steps and milestones going forward are described in chapter 6. This chapter includes a timeline to the first report containing data, and some guidance as to the anticipated content of that report. There is also a discussion of what might be expected from the report in the longer term and how ongoing improvement can be facilitated.

2 Governance and liaison

The development of the National Framework for reporting on expenditure on services to Indigenous Australians, and the annual reporting of results, will require the active participation of all jurisdictions and multiple agencies. The efficient management of the process requires a shared understanding of the various roles and responsibilities of those involved and clear lines of reporting. The proposed governance model is presented in section 2.1.

The project will also benefit from the contributions of key stakeholders, particularly Indigenous people and their representatives. Stakeholder consultation is discussed in section 2.2.

2.1 Governance model

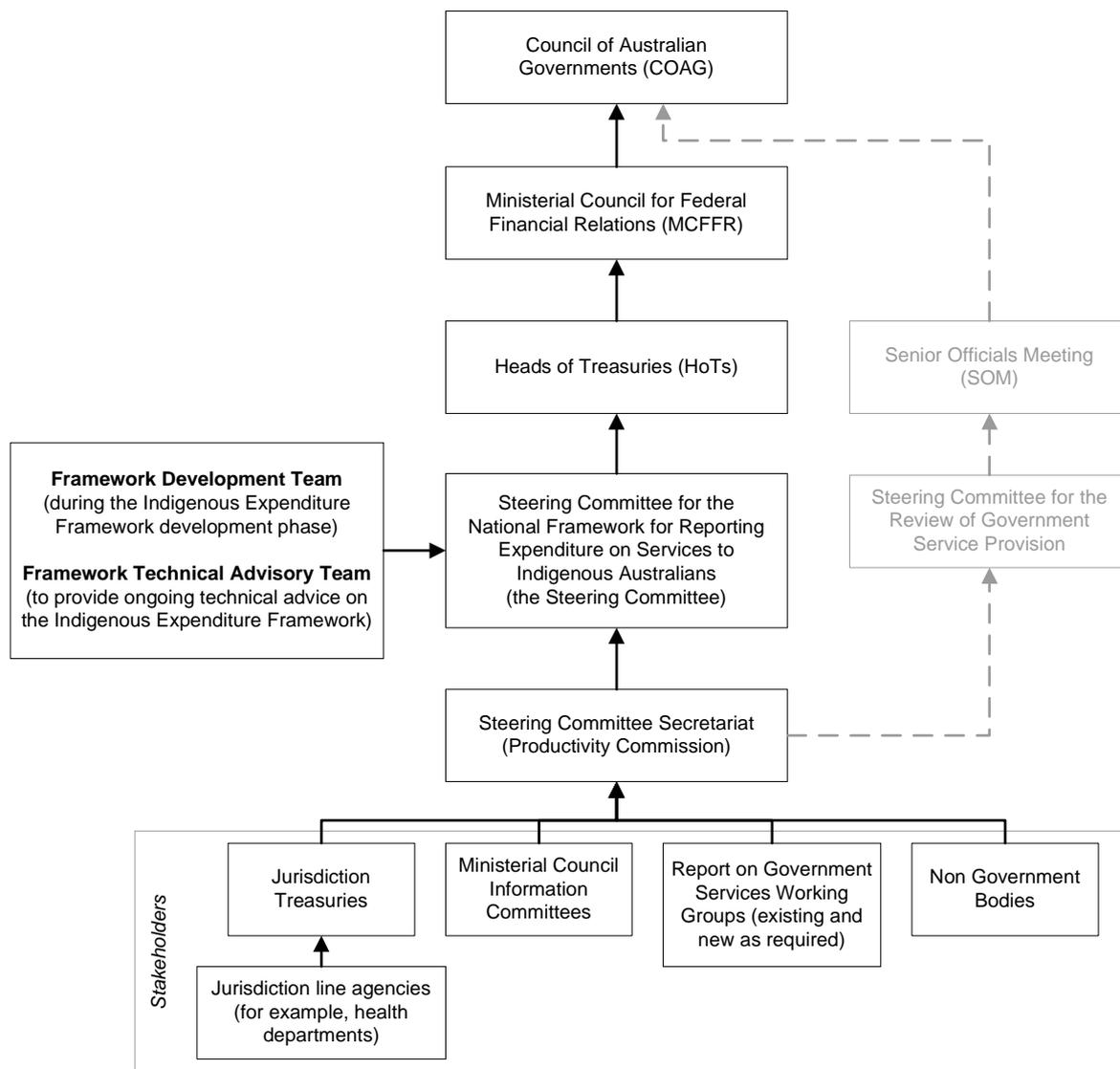
The governance model proposed by the Steering Committee and endorsed by the Heads of Treasuries (HoTs) in January 2009 is presented in figure 2.1. The roles and responsibilities of the key groups and stakeholders are discussed in detail below.

Role of the Steering Committee

In January 2008, the Ministerial Council agreed that the Commonwealth Treasury would consult with agencies such as the Productivity Commission, the Australian Institute of Health and Welfare (AIHW), and the Australian Bureau of Statistics (ABS) to determine their interest and possible contribution to developing the National Framework, as well as possible ongoing involvement in the process. It was also agreed that jurisdictions would provide feedback on issues discussed at the meeting to the Commonwealth. As the scope of the project became clearer, the Commonwealth Treasury established a Steering Committee to oversee the development of the National Framework. Terms of reference for this Steering Committee were endorsed by the HoTs in January 2009 (box 2.1).

The Steering Committee is chaired by the Commonwealth Treasury, and comprises representatives from the Commonwealth Department of Families, Housing,

Figure 2.1 Governance model



Community Services and Indigenous Affairs, all State and Territory Treasuries that wish to participate, the ABS, the AIHW, the Commonwealth Grants Commission (CGC), the Secretariat to the Ministerial Council for Aboriginal and Torres Strait Islander Affairs (MCATSIA) and the Productivity Commission. A list of current Steering Committee members is provided on page V.

The development of the National Framework and the annual production of the Indigenous Expenditure Report (IER) will be achieved through a cooperative process involving a range of stakeholders. Stakeholders in this process are not limited to those identified in figure 2.1. It is expected that technical advice and inputs will be sought from a variety of sources, as required.

Box 2.1 Steering Committee terms of reference

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
 - 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.

These terms of reference were endorsed by HoTs in January 2009.

Further, Commonwealth, State and Territory Treasuries will be responsible for liaising with line agencies in their jurisdictions to ensure agency-level contribution to the National Framework's development, and ongoing contribution of best-available data for reports. State and Territory line agencies are also expected to have an opportunity to contribute their views through Report on Government Services (RoGS) working groups, information committees and other parallel exercises.

The Steering Committee is to undertake the following:

1. Determine the information to be included in the National Framework for national-level and jurisdiction-specific reporting. The Steering Committee should liaise with the Council of Australian Governments (COAG) Working Group on Indigenous Reform (WGIR) in relation to the outcomes Framework to be used in monitoring progress towards the COAG agreed closing the gap targets, with a view to facilitating consistency of approach between that work and the National Framework.
2. Determine necessary enhancements to existing arrangements for making data available and improving data to support the development of the Indigenous National Framework, as well as to monitor progress towards the COAG agreed closing the gap outcome targets.
3. Determine an appropriate methodology to ensure consistency in collecting and reporting expenditure data and to deal with data deficiencies.
4. Determine, as necessary, a possible staging in reporting against the National Framework (having regard to considerations such as data availability, implementation requirements and costs of reporting).
5. Determine the institutional arrangements for preparing the expenditure reports once the National Framework for reporting has been developed.

The Steering Committee will provide regular updates to Heads of Treasuries (HoTs) on progress in developing the National Framework and liaise with the WGIR on common strategies to address data gaps and data quality issues.

It is anticipated that the Steering Committee will meet as required by the development work plan ahead of the first report to COAG, then on a regular scheduled basis as the National Framework evolves.

There may be scope, once the IER development phase has been completed, to shift responsibility for the report to the Steering Committee for the Review of Government Service Provision. The Review Steering Committee has a similar membership, responsibility for related reports, and is also supported by a Productivity Commission Secretariat. Under this arrangement, the Indigenous

Expenditure Steering Committee could continue to convene to consider any significant changes to the National Framework as required.

Secretariat to the Steering Committee

Secretariat services to the Steering Committee were provided initially by Commonwealth Treasury. Since October 2008, Secretariat services have been provided by the Productivity Commission, an arrangement endorsed by the HoTs in January 2009.

The main tasks undertaken by the Secretariat are:

- convening meetings of the Steering Committee ‘as required’
- drafting agendas, agenda papers and minutes of Steering Committee and working group meetings
- coordinating the work of the Steering Committee with that of information committees and other parallel groups developing expenditure data for particular services
- providing a conduit for communication between the Steering Committee and working groups and information committees
- managing consultancies that may arise in support of the work of the Steering Committee or working groups
- data collection, where necessary
- drafting of reports and papers
- undertaking research and critical analysis in support of issues as approved or directed by the Steering Committee.

Generally, the Secretariat does not possess the resources necessary to undertake major research projects, but will provide critical analysis on an ongoing basis and advise the Steering Committee of progress with expenditure reporting.

The Secretariat provides the only permanent staff on the project, and as such acts as a central repository of files, information (including data) and knowledge. Although the Secretariat needs to make day-to-day decisions on administration and drafting, significant decisions are referred to the Steering Committee.

Development team/technical advisory team

To provide for the timely development of the National Framework, a development team comprising representatives of the ABS, AIHW, Productivity Commission and

Commonwealth Treasury has been established. The development team works with all stakeholders and reports regularly to the Steering Committee on progress in developing the National Framework.

Once the National Framework is established, it is expected the Development Team will be available as required as a technical advisory team to the Secretariat and/or Steering Committee, to provide specialist technical advice on issues relating to the National Framework.

Stakeholders

As noted in figure 2.1, the Steering Committee anticipates the need to seek expert advice from a range of sources, (including, but not limited to Treasuries and line agencies, RoGS working groups and ministerial information committees) in the development of the Framework and reporting of Indigenous expenditure.

As a general rule, the Secretariat will facilitate input from stakeholders who are not represented on the Steering Committee. However, recognising the complex and varied nature and relationships of stakeholders, their input may also come through the development team or jurisdictional representatives on the Steering Committee.

Although it will draw on stakeholders for expert advice, the Steering Committee, which represents the whole-of-government view of participating jurisdictions, reserves the right to make decisions regarding the National Framework and its associated publications (subject to endorsement by HoTs and MCFFR of major changes to the National Framework).

Role of Report on Government Services working groups

The Steering Committee for the Review of Government Service Provision is supported by twelve working groups across a range of education, health, justice and community services. Each working group comprises representatives of relevant line agencies from each jurisdiction, and expert data agencies. An additional working group provides advice to the Steering Committee on the *Overcoming Indigenous Disadvantage: Key Indicators* report.

The Steering Committee may draw on RoGS working groups to strengthen and improve the comparability of data within the National Framework, and across different Indigenous outcome reports.

Role of information committees

A series of information committees provide advice and support to Ministerial Councils. As a consequence of this role, the committees are well placed to advise the National Framework Steering Committee on statistical issues and drive change in the collection and reporting of data.

Role of non-government organisations

Non-government organisations such as service providers and peak client bodies are likely to be able to provide useful advice on methodology and data issues, and are likely to have a strong interest in the results to be reported. The consultation strategy discussed in section 2.2 proposes mechanisms to ensure appropriate engagement of non-government organisations in the development of the National Framework and reporting.

Role of other stakeholders

A number of service areas covered by the National Framework will require data from stakeholders not specifically identified in figure 2.1. These other stakeholders will include statistical agencies (other than the ABS and the AIHW, which are represented on the Steering Committee and Development Group) or parallel exercises (such as the National Health Performance Committee).

The Steering Committee and Secretariat will work closely with these other stakeholders to ensure the IER exercise remains aligned with related exercises, and that work (such as addressing data gaps) is not duplicated. It is expected that the approach will vary between different stakeholders. Many of the parallel exercises have overlapping membership with the RoGS working groups and information committees noted above, allowing for two-way flows of information. Where appropriate, the Steering Committee and Secretariat may also pursue adjunct meetings, combined data collections, provide observers at meetings or formal feedback mechanisms.

The IER nevertheless remains a separate process, with reporting lines through the Steering Committee to MCFFR, HoTs and COAG. As a result, the role of parallel exercises providing advice to the Steering Committee may differ from their decision-making role in relation to other exercises.

It will also be important that in producing annual expenditure reports, the Secretariat consults with potential users of the report and with Indigenous people on the purpose, underlying principles and methodology of the report.

2.2 Consultation

Consultation with Indigenous people and their representatives, non-government organisations, and the potential users of the information to be included in the IER will be essential to ensure that the National Framework and annual reports meet their stated objectives.

In the short term, consultation will rely largely on the linkages between the Steering Committee and parallel exercises, and the previous consultation embodied in existing data collections and reports:

- *linkages with parallel exercises* — The Steering Committee benefits from the consultation undertaken by exercises such as the OID report. The Review of Government Service Provision consulted widely in developing the OID framework.
- *consultation embodied in existing data collections* — The Steering Committee's proposed methodology will draw on data from a wide range of sources. In many cases, these data collections have undertaken broad consultation as part of their development; for example, data collected by agencies such as the ABS, AIHW and CGC.

Subject to COAG endorsement of this stocktake report, the Steering Committee proposes a more structured consultation strategy specific to the IER. This consultation would focus on issues such as: establishing the highest priority uses of the report; seeking advice on refinement of the proposed methodology and potential data sources to inform estimates of Indigenous service use and cost differentials; and identifying where initial efforts for improvement would be best focused.

This strategy could involve:

- production of an issues paper or consultation document
- written responses from government and non-government bodies
- meetings organised by Steering Committee members in each jurisdictional (supported by the Secretariat)
- targeted meetings and visits conducted by the Chairman of the Steering Committee and the Secretariat.

3 Expenditure framework principles

The Steering Committee has adopted the following high level principles to ensure that the National Framework will meet the needs of a wide range of data users:

- *A comprehensive approach* — The National Framework should provide a comprehensive collection that is sufficiently flexible to allow complex analysis, and be comparable to data collected for other purposes (section 3.1).
- *Alignment with COAG Indigenous outcome reporting* — The National Framework should allow reporting on expenditure in a manner consistent with the Council of Australian Governments (COAG) Working Group on Indigenous Reform (WGIR) statement of objectives, outcomes and measures and the COAG Overcoming Indigenous Disadvantage (OID) report framework (section 3.2).
- *Reported results can be clearly interpreted* — The Indigenous Expenditure Report (IER) should be presented in a format that is useful to policy makers. This includes a clear link between expenditure and outcomes, an acknowledgement of other influencing factors and an explicit statement of the reliability of the estimates (section 3.3).

These principles represent the aspirational goals of the Steering Committee but could take several report cycles to achieve because the exercise is complex and new to most jurisdictions.

3.1 A comprehensive approach

Given the significant resources that will be committed to collecting and reporting data under the National Framework, the Steering Committee has endeavoured to ensure that the data will have as wide an application as possible, and will be consistent with, and reconcilable to, expenditure data collected and reported for other purposes.

The Steering Committee considers that these objectives can best be facilitated by developing a National Framework that:

- *includes all types of government expenditure* — The terms of reference require the Steering Committee to consider both specific and mainstream government expenditure in order to measure total expenditure on services to Indigenous

people. The National Framework, at a high level, takes into consideration the full breadth of government expenditure, regardless of whether it relates directly to areas of specific Indigenous disadvantage (for example, expenditure on multi-mode urban transport). This allows aggregate expenditure collected under the National Framework to be reconciled with data collected for other purposes.

- *is based on the ABS Government Finance Statistics (GFS) Input Classifications* — The GFS Classifications provide an established framework of definitions and classifications for coding and analysing government expenditure. The most important of these classifications, the Government Purpose Classification (GPC), provides the basic framework for the National Framework (appendix A).

The adoption of the GPC will provide a high level of consistency between the National Framework and other national expenditure data collections that follow these classifications. Basing the National Framework on the GPC should also reduce the administrative burden on jurisdictions, as all Treasuries have experience extracting data from their information systems in formats consistent with the GFS/GPC.

- *provides levels of disaggregation that facilitate complex analysis* — Data that can be analysed from a range of perspectives have greater analytical value. Initially, the data will be collected and reported by expenditure category and jurisdiction. Over time, it is expected that ongoing development of the National Framework will allow data to be reported on a basis which facilitates meaningful policy analysis (for example, sub-jurisdiction, program/portfolio expenditure, age/sex).
- The high-level National Framework can also be extended by other researchers for more detailed analysis, for example at the regional or community level, or by specific sub-populations of interest (such as women or young people).

The Steering Committee anticipates that improving the quality and level of disaggregation of reporting will be part of a process of continual development over a number of report cycles. This will help ensure that the report meets the needs of governments.

3.2 Alignment with COAG Indigenous reform agenda

A key objective of the National Framework is to provide information that will enable governments to gauge the effectiveness of, and better target, policy responses to Indigenous disadvantage. Therefore the National Framework is closely aligned with other COAG policies and programs targeted at Indigenous disadvantage, and their associated reporting mechanisms.

Monitoring of Indigenous outcomes

COAG has endorsed three priority outcomes for overcoming Indigenous disadvantage:

- safe, healthy and supportive family environments with strong communities and cultural identity
- positive child development and prevention of violence, crime and self-harm
- improved wealth creation and economic sustainability for individuals, families and communities.

To achieve these targets, governments have agreed to focus their efforts on seven strategic areas of activity:

- early child development
- education and training
- healthy lives
- economic participation
- home environment
- safe and supportive communities
- governance and leadership

The COAG WGIR and the Steering committee for the Review of Government Service Provision (which produces the Overcoming Indigenous Disadvantage report for COAG) have developed a series of strategic change indicators for measuring progress in each of these strategic areas (table 3.1).

Mapping the GPC to the outcomes framework

The Steering Committee has aligned the National Framework with COAG's strategic areas for action (and associated indicators). The third column of table 3.1 presents a concordance between the GPC and the WGIR strategic areas for action.

In a relatively few instances, the standard GPC classifications are too aggregated to map accurately to the WGIR strategic areas of action. In these instances, the Steering Committee proposes extending the standard GPC classifications to include additional sub-categories that can be mapped to the strategic areas. (The proposed extension to the GPC is for the purposes of the National Framework only, and is not a revision to the official ABS classification.) In this stocktake report, the extended classification is referred to as the GPC+ (appendix A).

Table 3.1 COAG Working Group on Indigenous Reform building blocks

<i>WGIR Strategic areas of action</i>	<i>Strategic change indicators</i>	<i>Potential expenditure purpose classifications (appendix A)</i>
Early child development	<ul style="list-style-type: none"> • Basic skills for life and learning • Injury and preventable disease • Early childhood hospitalisations • Maternal age at first birth • Birth weight • Maternal health • Hearing impediments 	<ul style="list-style-type: none"> • Childcare • Preschool (see table A.2 for detail)
Education and training	<ul style="list-style-type: none"> • School enrolment and attendance • Years 10 and 12 retention • Year 9 attainment • Transition from school to work • Teacher quality • Indigenous cultural studies 	<ul style="list-style-type: none"> • School education • Vocational Education and Training • Higher education (see table A.3 for detail)
Economic participation	<ul style="list-style-type: none"> • Labour market participation (full/part time) by sector and occupation • Income support • Indigenous owned or controlled land and business • Home ownership 	<ul style="list-style-type: none"> • Other labour and employment services • Social security (see table A.4 for detail)
Healthy lives	<ul style="list-style-type: none"> • Access to primary health • Potentially preventable hospitalisations • Avoidable mortality • Tobacco consumption and harm • Obesity and nutrition • Mental health • Tooth decay • Suicide and self-harm 	AIHW health classifications: ^a <ul style="list-style-type: none"> • Hospital/hospital services • Patient transport • Medical services • Other health practitioners • Benefit-paid pharmaceuticals • Other medications • Aids and appliances • Community health • Public health • Dental services • Health administration • Health research (see table A.5 for detail)
Home environment	<ul style="list-style-type: none"> • Overcrowding in housing • Rates of disease associated with poor environmental health • Access to clean water and functional sewerage and electricity services 	<ul style="list-style-type: none"> • Housing services • Municipal services • Transport services (see table A.5 for detail)

Table continued next page.

Table 3.1 (Continued)

<i>WGIR Strategic areas of action</i>	<i>Strategic change indicators</i>	<i>Potential expenditure purpose classifications (appendix A)</i>
Safe and supportive communities	<ul style="list-style-type: none"> • Drug and other substance use and harm • Repeat offending • Access to traditional lands • Juvenile diversions • Participation in organised sport, arts or community group activities • Alcohol consumption and harm 	<ol style="list-style-type: none"> 1. Public order and safety <ul style="list-style-type: none"> • Police services • Criminal courts services • Juvenile justice • Corrective services • Emergency management 2. Community support and welfare <ul style="list-style-type: none"> • Aged care services • Disability services • Protection and support services 3. Community development 4. Recreation and culture (see table A.6 for detail)
Governance and leadership	<ul style="list-style-type: none"> • Case studies in governance • Governance capacity and skills • Engagement with service delivery 	<ul style="list-style-type: none"> • Governance and leadership <p><i>(No concordance with GPC possible.)</i></p>

^a The GPC/GPC+ classification for the WGIR 'healthy lives' strategic area have been designed to be consistent with the Australian Institute of Health and Welfare classifications used for the *Expenditures on health services for Aboriginal and Torres Strait Islander people* report.

Further work is required, in consultation with Treasuries, on the minimum number of sub-categories required, and the definitions of expenditure to be included in each category.

3.3 Reporting and interpreting expenditure estimates

On its own, knowing what level of government expenditure is directed to Indigenous people is of limited value. To be useful to policy makers, data on expenditure need to be contextualised. This includes a clear link between expenditure and outcomes as well as an acknowledgement of other 'external factors' that might influence outcomes. It is also essential for policy makers to have a good understanding of the reliability of the data.

Linking expenditure and outcomes

Linking expenditure and outcomes allows the cost effectiveness of the expenditure to be examined. The Report on Government Services provides a useful illustration

of the key linkages between expenditure, outputs and outcomes, and the concepts of technical efficiency, and cost and program effectiveness (box 3.1).

There is likely to be interest from the general public and Commonwealth, State and Territory government ministers in a comparison between dollars spent at a broad expenditure category level and outcomes achieved. Such comparisons can provide:

- *an assessment of expenditure compared with need* — comparing expenditure with outcome measures for different jurisdictions, age and sex cohorts or for Indigenous and non-Indigenous people can provide a high level assessment of expenditure relative to need
- *a focus for more detailed cost effectiveness analysis* — comparing how levels of expenditure and outcome measures change over time can highlight areas where more detailed cost effectiveness analysis could be required.

The principal source of outcomes measures for high level comparisons of expenditure will be the *Overcoming Indigenous Disadvantage: Key Indicators* (OID) report. As noted above, the National Framework has been aligned with the WGIR strategic areas for action, which form the basis for OID reporting. High level outcomes information from the OID could therefore be included in relevant sections of the IER.

Other significant sources of outcomes information which may be drawn on include publications such as the Report on Government Services Indigenous Compendium, which collates information on the performance of a broad range of services provided to Indigenous people, and ABS and AIHW reports, such as the Health and Welfare of Australia's Aboriginal and Torres Strait Islander Peoples.

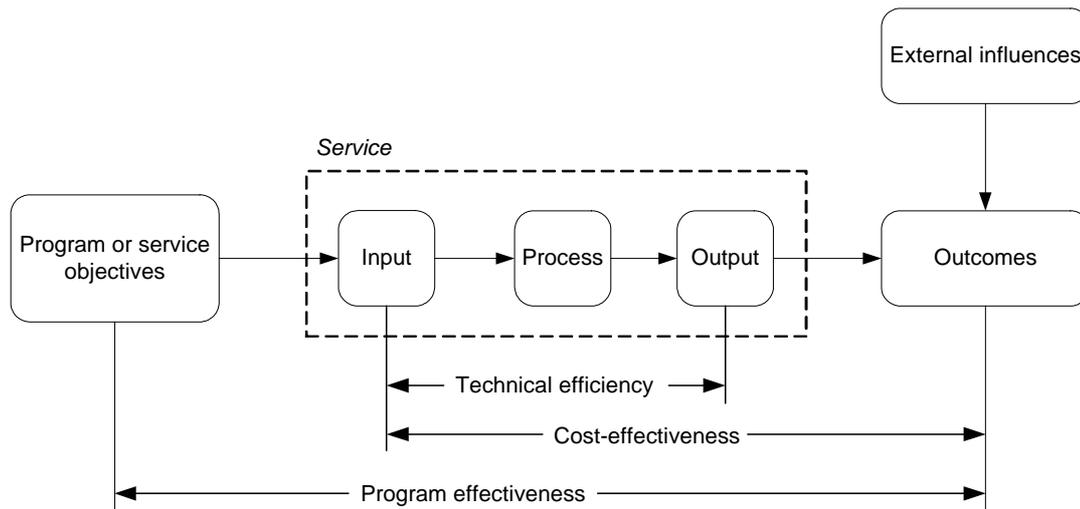
Limitations of linking expenditure to outcomes

Linking expenditure to outcomes at a high level can draw attention to areas where more detailed investigation should be undertaken, but is not a replacement for detailed program evaluation.

Even at a high level of aggregation, there are limits on the degree to which expenditure can be mapped to specific OID indicators. A further separate body of work would be required to consider linkages between multiple policy actions/services and particular outcomes. The Review of Government Services Steering Committee, for example has noted that the focus of most OID indicators is on outcomes, not on specific policy actions or services. As a consequence, it may not be possible to map expenditure data to all strategic change indicators. For example, government support for 'governance and leadership', or programs aimed

Box 3.1 Report on Government Services service process model

The performance framework used in the Report on Government Services describes the general process through which service providers transform inputs into outputs and outcomes in order to achieve desired objectives. The figure below distinguishes between program efficiency and program effectiveness, and notes the influence of factors external to a service.



For each service, governments have a number of objectives that relate to desired outcomes for the community. To achieve these objectives, governments provide services and/or fund service providers. Service providers transform funds/resources (inputs) into services (outputs). The rate at which resources are used to make this transformation is known as ‘technical efficiency’.

The impact of these outputs on individuals, groups and the community are the outcomes of the service. The rate at which resources are used to generate outcomes is referred to as ‘cost effectiveness’. Often, outcomes are also influenced by factors external to the service. Outputs too may be affected by external factors, but to a lesser extent.

Another dimension of performance is equity. In the past, the RoGS framework gave equal prominence to effectiveness and efficiency as the two overarching dimensions of performance. Equity was treated as a sub-dimension of effectiveness. Performance literature, on the other hand, often refers to equity as a third element of performance, separate from effectiveness and efficiency. The principal reason for this separation is that effectiveness indicators are generally absolute measures of performance, whereas equity indicators relate to the gap in service delivery outputs and outcomes between special needs groups and the general population. The framework now reflects this approach.

Source: SCRGSP (2008).

at reducing ‘alcohol consumption and harm’ and ‘teenage birth rate’ are not able to be easily identifiable on a consistent national basis. Expenditure data for this limited

number of strategic change indicators could be more effectively collected on a case-study basis rather than trying to incorporate them into the National Framework.

Scope for more detailed cost effectiveness analysis

The National Framework will allow for high-level comparison of expenditure with the WGIR strategic change areas for action, down to individual indicator level for a limited number of expenditure categories. However, more detailed analysis at the program, or sub-jurisdiction level is likely to be beyond the scope of the National Framework.

However, the National Framework could improve the capacity of governments to undertake assessments of the cost effectiveness of their Indigenous programs in a manner that can be compared to national averages.

Comparators

The Steering Committee has identified a range of potential comparators that could provide additional context for reported expenditure estimates (box 3.2). Apart from many pressing data gaps (discussed below), each potential comparator has its limitations. The Steering Committee has identified the improvement of reporting on comparators as a priority for ongoing report development.

Data quality reporting

The National Framework will provide *estimates* of government expenditure on services to Indigenous and non-Indigenous Australians. Although the methodology for apportioning expenditure between Indigenous and non-Indigenous people (presented in chapter 4) is based on an established approach used in similar exercises,¹ there is an inherent level of uncertainty in any estimation process.

Part of this uncertainty arises from the scope of the report itself — for example, the need to allocate mainstream expenditures across Indigenous and non-Indigenous people. As the NT noted in its 2006 Indigenous expenditure review:

For example, should estimates account for direct spending on Indigenous-specific programs only, or include spending spread across mainstream services? How should

¹ This includes the AIHW estimates of expenditures on health services for Aboriginal and Torres Strait Islander people which was initiated in the late 1990s, and to a lesser extent, the more recent NT Indigenous expenditure reviews.

Box 3.2 Possible comparators and their limitations

To assess the cost effectiveness of the outcome achieved from a dollar of expenditure, a comparison needs to be made, either for the same service over time, or with other programs or services that are seeking to achieve similar outcomes. There are a number of possible comparators but each has its limitations. For example:

- *comparing government expenditure per Indigenous and non-Indigenous person* — differences in outcomes for similar levels of per capita expenditure can be influenced by many factors, such as the level of need, age structure of the populations and scale of private contributions
- *per capita comparison disaggregated by age or sex* — can overcome some of the issues associated with simple per capita comparison, but does not address levels of need. For example, on average, Indigenous people experience many of the problems of older age groups at earlier life stages
- *comparing expenditure for different geographical areas* — it can be difficult to identify the cost difference associated with providing services to different geographical locations. In some cases, it can be difficult to classify the location of the expenditure where a service is not provided in the beneficiary's usual residence.

Although these limitations cannot be easily overcome, they should not be overestimated. The use of comparators can still provide useful information to policy makers provided any limitations are clearly identified and appropriate contextual information provided.

government activities that do not directly provide a service to the public, such as the core functions of central agencies, be treated? There are also issues surrounding how attributed expenditure should be estimated: should it be based on client use or the total population share? How should cost differentials between servicing clients be treated? How should activities such as administrative services be attributed to specific population groups? (NT 2006, p. 9)

Further uncertainty arises from the need to use data from a wide range of sources to undertake the estimations. As discussed in chapter 5, the Steering Committee will need to draw on a number of data collections — of varying quality — in order to estimate service use.

Both the methodology assumptions and quality of data used to make estimations will influence how the estimated expenditure should be interpreted and used by policy makers. The Steering Committee will ensure that readers of the IER can independently assess the quality of the estimated results by:

- *documenting the methodology* — Information on the methodology and any data and parameters used in the estimation will be made publicly available. This will make the methodology transparent and also make the data more widely available for those wishing to undertake further analysis.

-
- *data quality statements* — Over time, the Steering Committee will prepare data quality statements for all data used in the expenditure estimation process (box 3.3).² These statements will be made public to ensure that the quality of the final expenditure estimates is more transparent. Data quality statements will also help focus efforts to improve data quality.

Box 3.3 Data quality statements criteria

Data quality statements provide a criteria for assessing the general quality of a given data collection by providing answers to data quality questions such as:

- Where/who is the data collected from?
- How are respondents sampled if it is a survey?
- How often are data collected?
- How data are collected (paper form, upon registration)?
- How the data are compiled?
- Any checks/validation conducted on the data?
- State based inconsistencies in the data or the way it is collected and reported?
- Respondent bias or issue for any of the questions?

The following questions would also need to be explored to assess the Indigenous identifier in each dataset:

- Is the standard Indigenous question used?
- Is the same question used by all data collectors across all jurisdictions?
- How is the question asked? And who asks it?
- Is the question compulsory?
- Is the information collected in the same way by all the data collectors and across all jurisdictions?
- What is the estimated undercount?

To conduct these quality reviews, data from ABS collections could be used in a validation exercise to develop an understanding of potential under reporting, coverage and or data quality issues. This includes ABS collections such as:

- National Aboriginal and Torres Strait Islander Social Survey (NATSISS)
- National Aboriginal and Torres Strait Islander Health Survey (NATSIHS)
- Estimated Resident Population (ERP) and census counts.

These data sources could also be used to get an understanding of actual client numbers versus potential client numbers.

² Data quality statements will be based on the ABS data quality statements endorsed by COAG for use in National Agreement performance reporting.

4 Reporting methodology

This chapter provides an overview of the Steering Committee’s proposed methodology for estimating government expenditure on services to Indigenous people under the National Framework. Identifying the share of government expenditure that goes towards services to Indigenous people is not straightforward. Many services that benefit Indigenous people are mainstream services, where the share of expenditure that ultimately benefits Indigenous people is not explicitly recorded. Knowledge about mainstream expenditure is necessary to obtain a full picture of expenditure on services to Indigenous people. As noted in the 2006 NT Review:

Attempting to construct an estimate of Indigenous-related spending based solely on the identification of Indigenous specific programs would therefore result in a significant underestimation of relevant expenditure. (NT 2006, p. 4)

As a consequence, a comprehensive measure of expenditure on services for Indigenous people must involve a process of estimation, not just a simple aggregation of expenditure from Indigenous-specific programs and services.

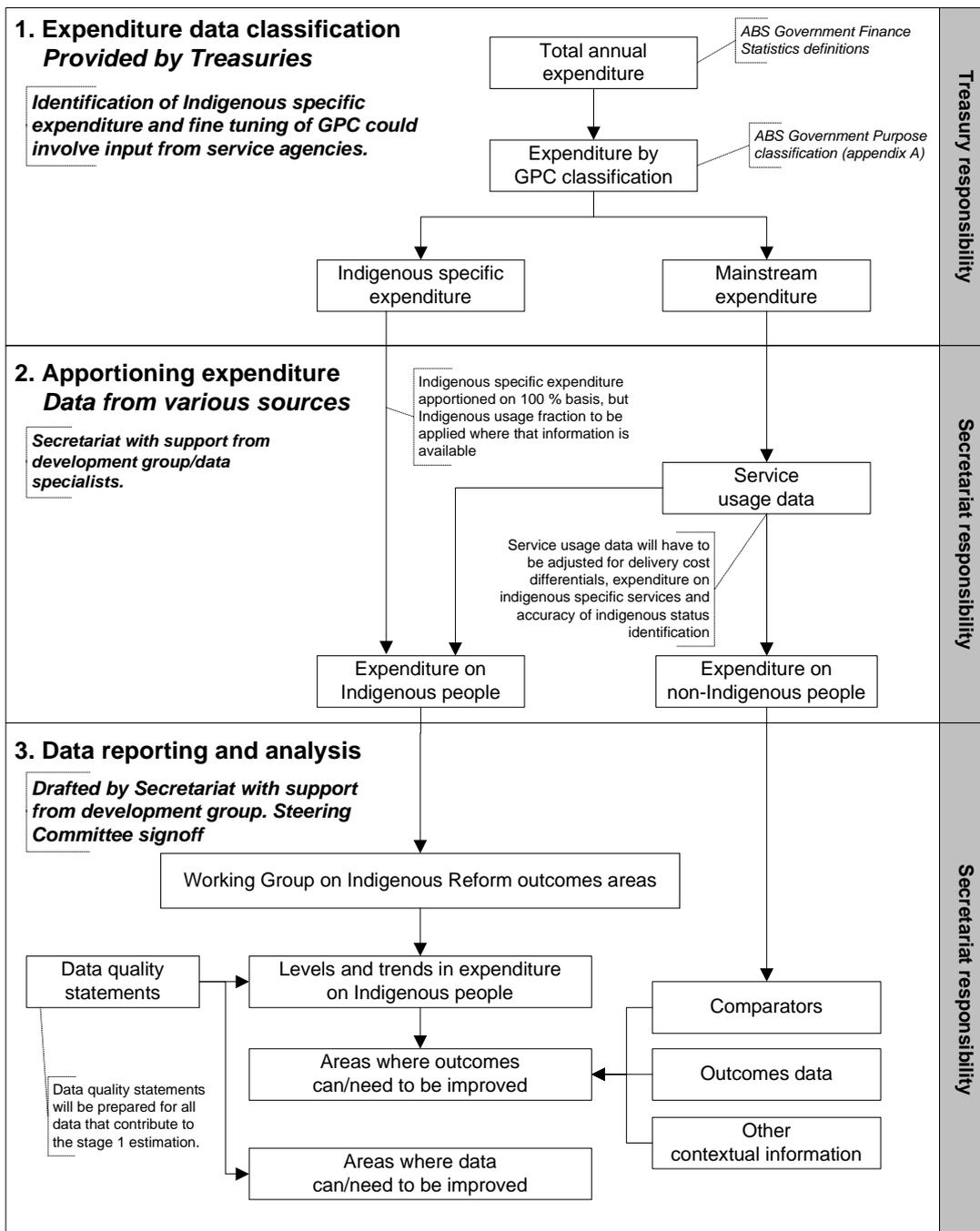
4.1 Allocating expenditure to service categories

Services to Indigenous people are provided through a combination of targeted and mainstream services. Expenditure on Indigenous-specific services can generally be assumed to be exclusively for the benefit of Indigenous people.¹ The proportion of expenditure on mainstream services that relates to services to Indigenous people is not recorded methodically and must be estimated. Figure 4.1 provides a broad overview of the methodology, which comprises three discrete processes:

- *expenditure data classification* — expenditure data are classified, and expenditure on Indigenous specific programs and services is identified (section 4.1)
- *apportioning mainstream expenditure* — expenditure on mainstream services is apportioned between services provided to Indigenous and non-Indigenous people (section 4.2)

¹ There can, however, be some use of these services and programs by non-Indigenous people in particular locations (for example, health services in remote communities).

Figure 4.1 Overview of methodology



- *reporting results* — the results are reported in a contextualised format that is useful to policy makers (chapter 3, section 3.3).

The first step in the proposed methodology is for jurisdictions (under the coordination of their respective Treasuries) to allocate their total expenditure across the ABS *Government Purpose Classification (GPC)*, which provides an established

framework of definitions and classifications for coding and analysing government expenditure.

Jurisdictions are familiar with the GPC, which they use to provide data for the ABS *Government Finance Statistics* collection. However, as discussed in chapter 3, some categories of the GPC do not provide sufficient disaggregation to map to the Working Group on Indigenous Reform (WGIR) strategic areas for action. Jurisdictions will be required to apportion data for a limited number of additional GPC+ categories (appendix A).

The second step is to identify — for each expenditure purpose classification — that expenditure which relates to Indigenous-specific services or programs. As a first approximation, expenditure on these programs will be assumed to be solely for the benefit of Indigenous people. However, where information on the non-Indigenous use is available, this fraction will be applied.²

The third step (discussed below) is to estimate the Indigenous share of expenditure on mainstream services.

The ability of jurisdictions to provide data consistent with the GPC/GPC+ varies (chapter 5). The Steering Committee will assist jurisdictions in this reporting by developing collections manuals, definitions and agreed approaches for determining allocations by GPC/GPC+ category, and guidelines for identifying Indigenous-specific expenditure. These support materials will provide a national approach toward which the report should aspire over time, and a set of standards against which the approach of each jurisdiction can be assessed.

4.2 Apportioning mainstream expenditure

The Indigenous share of expenditure on mainstream services is rarely explicitly recorded and must be estimated on the basis of service use. Measures of service use provide a proxy of the distribution of costs (expenditure) among services users. Where possible, the service use measures should be adjusted for:

- *under-identification* — the degree to which service users do not identify as Indigenous. For example, a person's Indigenous status might not always be asked as part of the service process. Alternatively, there might be a disincentive for service users to identify their Indigenous status.

² Non-Indigenous use of Indigenous specific programs can be large. In 2004-05, approximately 12 per cent of Australian government expenditure through Aboriginal Community Controlled Health organisations was for services to non-Indigenous people (AIHW 2008).

- *cost differential* — the extent to which the cost of providing services to Indigenous and non-Indigenous people varies. The provision of services to Indigenous people might be more costly ‘on average’ if Indigenous people are disproportionately located in remote areas, or if Indigenous service users have additional service needs (such as language difficulties) regardless of their location.

Box 4.1 **Apportioning public hospital admitted patient services expenditure in NSW**

The AIHW estimated that the Indigenous share of expenditure on admitted patient services in NSW public hospitals was \$174.4 million in 2004-05. This estimate was derived using the following broad model:

$$\text{Indigenous share of expenditure} = \text{Total expenditure} \times \text{Service use factor} \times \text{Under-identification factor} \times \text{Cost differential factor}$$

The key variables are:

- *total admitted patient services expenditure (\$598 million)* — provided from the AIHW National Health Expenditure collection.
- *service use factor (2.46 per cent)* — The Indigenous share of recorded cost weighted hospital separations (35 860/1 459 277*100).^a Using the share of cost weighted hospital separations allows for the fact that different types of separations have different costs (for example, a dialysis separation in a country hospital compared to a heart transplant separation in a teaching hospital).
- *under-identification factor (1.13)* — AIHW completed an assessment of the level of Indigenous under-identification in public hospital admitted patient separations which for NSW public hospitals suggested an under-identification factor of 13 per cent (AIHW 2008).
- *cost differential factor (1.05)* — AIHW analysis in the last three indigenous health expenditure reports suggest there was a cost differential on average, 5 per cent more to provided admitted patient hospital services to an Indigenous person. The second and third Indigenous health expenditure report (AIHW 2001, 2005) explored the cost differential.

$$\begin{aligned} \text{Indigenous share of expenditure} &= \$598 \text{ million} \times 0.0246 \times 1.13 \times 1.05 \\ &= \$174.4 \text{ million} \end{aligned}$$

^a The Indigenous service use factor is derived from AIHWs Hospital Morbidity Costing Model and differs somewhat from the service usage factor that would be derived from Diagnostic Related Group cost weights.

Source: Unpublished Information provided by the AIHW. (AIHW 2001, 2005, 2008)

The basic apportioning model is illustrated by an example from Australian Institute of Health and Welfare (AIHW) *Expenditures on Health for Aboriginal and Torres Strait Islander People* report series (box 4.1).

Service use measures

The Steering Committee's initial investigations suggest that a number of existing data collections could provide relevant service use measures (chapter 5, appendix B). However, the relationship between service use measures and service costs is complicated, and more work is required to identify appropriate service use measures.

Box 4.2 provides examples of the types of service use measures that could be used for some of the key GPC/GPC+ categories that map to WGIR strategic areas for action.

Under-identification

After appropriate service use measures have been identified, further work will be required to identify and/or account for the degree of Indigenous under-identification. Accurate information on under-identification can be expensive to ascertain and difficult to extrapolate. In practice, for some service areas, this information could be based on expert judgement or on the known experience in similar services.

Improving Indigenous identification will require the cooperation of agencies and bodies responsible for administering the collections from which service use measures are drawn.

Cost differentials

For most mainstream services, it is currently very difficult to identify the magnitude of any differences in the cost of providing services to Indigenous and non-Indigenous people. Currently:

- *relatively little work has been done in this area* — to date, there has been little research into cost differentials across Australia in many service areas. The Steering Committee has identified relevant work by the Commonwealth Grants Commission on cost 'impediments' which could be usefully built upon.

Box 4.2 Indicative service use measures

- WGIR early child development strategic areas of action:
 - *child care services* — The representation of Indigenous children in Australian Government approved child care services at an agreed point in time during the year.
 - *pre-school services* — The representation of Indigenous children enrolled in State and Territory funded or provided preschools at an agreed point in time during the year.
- WGIR education and training strategic areas of action:
 - *compulsory school education* — The representation of Indigenous students aged 5 to 15 years who are enrolled in educational institutions, adjusted for attendance where possible.
 - *non-compulsory school education* — The representation of Indigenous students in enrolment, attendance and attainment rates for year 11 and 12 schooling.
 - *vocational education and training (VET)* — The representation of Indigenous students enrolment and attainment rates for vocational education and training education institutions.
 - *higher education* — The representation of Indigenous students enrolment and attainment rates for tertiary education institutions.
- WGIR economic participation strategic areas of action:
 - *Employment services* — The ideal measure of service use in this area would be the number of Indigenous and non-Indigenous clients that each service had seen over a year. The appropriate measure is the number of clients not the number of interactions per client.
 - *Social security* — To measure Indigenous and non-Indigenous service use of transfer payments, an Indigenous identifier for all clients will be needed. The type of payment as well as the frequency and amount of payments may also be needed for cost differential measures and to categorise different transfer payment types against various building block areas.

- *many factors can influence cost differentials* — many factors can create cost differentials for each program or service area. These can vary across jurisdictions and even between small areas.³

³ One of the main issues with calculating cost differentials will be separating which service costs are related to factors such as location, and which service costs are associated with Indigenous status of service users. For example, the more remote an area is, the higher the cost of service delivery is likely to be, regardless of the Indigenous status of service users. However, a larger proportion of Indigenous people than non-Indigenous people live in remote communities. An issue to resolve is the extent to which remoteness *per se* should be considered in cost differentials between Indigenous and non-Indigenous people.

-
- *identifying appropriate data sources can be difficult* — to date, the Steering Committee has identified few relevant data sources. Given the range of influences that could potentially affect cost differentials, targeted research projects may be required in specific service areas to identify cost drivers (for example, targeted activity-based costing surveys).

Accounting for cost differentials will be one of the most challenging aspects of reporting on Indigenous expenditure and has been identified by the Steering Committee as part of a process of continual improvement over time.

Addressing data gaps

Improving the quality of administrative data collections that could provide service use measures, and accurate, up-to-date estimates of Indigenous under-identification in these collections would have a significant influence on the overall quality of Indigenous expenditure estimates.

Improvements in many of these collections have also been identified as a priority by the COAG WGIR (WGIR 2008, *Closing the Data Gaps*, unpublished), the Steering Committee for the Review of Government Service Provision (SCRGSP 2007), the Advisory Group on Aboriginal and Torres Strait Islander Statistics (ABS 2007) and the ABS and AIHW (2005). The Steering Committee anticipates working closely with these other bodies to coordinate data improvement strategies.

5 Available information and data gaps

The methodology proposed by the Steering Committee relies on data from a wide range of sources to collect and apportion government expenditure between spending on Indigenous and non-Indigenous services. This chapter provides an overview of the currently available data, identifies known data gaps and provides an indication of what can be expected from reporting in the short and medium term.

The current and expected availability of the expenditure data (which will be provided by jurisdictions) is discussed in section 5.1. An initial assessment of the data that would be needed for service use measures is discussed in section 5.2.

5.1 Expenditure data availability

As discussed in chapter 4, jurisdictions will be asked to provide expenditure data that is classified in accordance with the expanded version of the Australian Bureau of Statistics (ABS) Government Purpose Classification (GPC) detailed in appendix A. Jurisdictions will also be asked to identify separately expenditure on Indigenous-specific program and services for each category.

Although all jurisdictions have provided data to the ABS following the GPC classification, the small number of extensions to the GPC proposed in appendix A are new. An assessment of the ability of jurisdictions to report at this level will provide an indication of what reporting can be expected in the short and medium term, and what work will be needed to improve reporting.

Jurisdictions were surveyed in January 2009 to provide an initial assessment of their expected ability to provide financial data on a sub-set of the categories being proposed in appendix A. Not all jurisdictions were able to provide a response in the time available. In other cases, the responses should be interpreted as *indicative* because detailed data definitions and guidelines for classifying data have yet to be agreed. An overview of those jurisdictions' responses' received to date is provided below.

Commonwealth

The Commonwealth's initial assessment on its ability to provide data is provided in (table 5.1).

Table 5.1 **Commonwealth's initial assessment on its ability to provide data — (selected classifications)**

<i>Description^a</i>	<i>Total expenditure</i>	<i>Expenditure on Indigenous specific programs</i>
Law courts and legal services (GPC 0320)	P	P
<i>Criminal courts services (GPC+ 0320.1)</i>	NR	NR
<i>Other courts and legal services (GPC+ 0320.2)</i>	P	P
Prisons and corrective services (GPC 0330)	NR	NR
<i>Juvenile corrective institutions (GPC+ 0330.1)</i>	NR	NR
<i>Other prisons and corrective services (GPC+ 0330.2)</i>	NR	NR
Other public order and safety (GPC 0390)	P	P
Primary education (GPC 0411)	P	Y
Secondary education (GPC 0412)	P	Y
Primary and secondary education nec. (GPC 0419)	P	P
University education (GPC 0421)	Y	Y
Technical and further education (GPC 0422)	Y	Y
Tertiary education nec. (GPC 0429)	P	P
Pre-school education (GPC 0431)	NR	NR
Special education (GPC 0432)	N	N
Other education not definable by level (GPC 0439)	N	N
Transportation of non-urban school students (GPC 0441)	NR	NR
Transportation of other students (GPC 0449)	NR	NR
<i>Transportation of other school students (GPC+ 0449.1)</i>	NR	NR
<i>Transportation of TAFE students (GPC+ 0449.2)</i>	NR	NR
<i>Transportation of University students (GPC+ 0449.3)</i>	NR	NR
Education nec. (GPC 0490)	P	P
Family and child welfare services (GPC 0621)	Y	P
<i>Child care services (GPC+ 0621.1)</i>	P	P
<i>Protection and support services (GPC 0621.2)</i>	NR	P

Y = 'yes' — currently provide this expenditure. P = 'potentially' — do not currently provide this expenditure this data but could given sufficient consultation with services agencies and clear rules/methods for allocation. NR = 'not relevant' — no such service provided in this jurisdiction (entry would be \$zero). N = 'no' — Can not provide these data and are unlikely to be able to do so under any circumstances. nec = Not elsewhere counted. np = Not provided. ^a A full list of the proposed categories — which are still under development — is provided in appendix A.

The Secretaries Group on Indigenous Affairs produces an annual report which summarises expenditures on key Indigenous-specific programs across the

Overcoming Indigenous Disadvantage report seven strategic areas for action (SGIA 2008).

The Commonwealth currently provides estimates of expenditure by ABS GFS function and sub-function in Budget Paper No. 1. This includes only limited information about expenditure on services to Indigenous people. Information at the level of disaggregation required by the National Framework is not currently maintained in the Department of Finance and Administration's budget reporting system. Commonwealth agencies may need to be approached individually to determine the feasibility of providing the required information.

New South Wales

New South Wales currently collects data twice yearly at the 4-digit GPC level but not beyond that level. New South Wales is able to dissect data into existing GPC categories using its financial information system (FIS) to the extent that separate programs exist. Data quality is highest where all of one agency's activities are specific to one GPC category.

New South Wales has only coded Indigenous specific expenditure at the program level for 'Aboriginal community development' (GPC 0712). The following GPC Indigenous specific categories are not currently used in New South Wales, because no relevant NSW programs target solely aboriginal issues:

- 'Aboriginal community water supply' (GPC 0721)
- 'Aboriginal community sanitation services' (GPC 0731)
- 'Aboriginal community amenities' (GPC 0791)
- 'Aboriginal community electricity services' (GPC 0921)
- 'Aboriginal community road transport services' (GPC 1211)
- 'Aboriginal community water transport services' (GPC 1221)
- 'Aboriginal community air transport services' (GPC 1241)

This is not an issue with the proposed framework as the NSW response for these categories would be nil.

The NSW automated FIS is not currently able to disaggregate financial data for existing GPC codes into Indigenous and non-Indigenous components. Any requirement to report additional data will require a commitment of resources and time.

The NSW response to the January 2009 survey is provided in table 5.2. In its response, NSW indicated that the categories identified as ‘potentially’ (P) should be interpreted as areas where further investigation might be warranted. However, the expectation was that these categories would contain only small expenditures.

Table 5.2 NSW Treasury’s initial assessment on its ability to provide data — (selected classifications)

<i>Description^a</i>	<i>Total expenditure</i>	<i>Expenditure on Indigenous specific programs</i>
Law courts and legal services (GPC 0320)	Y	P
<i>Criminal courts services (GPC+ 0320.1)^b</i>	P	P
<i>Other courts and legal services (GPC+ 0320.2)^b</i>	P	P
Prisons and corrective services (GPC 0330)	Y	P
<i>Juvenile corrective institutions (GPC+ 0330.1)^b</i>	Y	P
<i>Other prisons and corrective services (GPC+ 0330.2)^b</i>	Y	P
Other public order and safety (GPC 0390)	Y	No
Primary education (GPC 0411)	Y	P
Secondary education (GPC 0412)	Y	P
Primary and secondary education nec. (GPC 0419)	Y	No
University education (GPC 0421)	NR	NR
Technical and further education (GPC 0422)	Y	P
Tertiary education nec. (GPC 0429)	NR	NR
Pre-school education (GPC 0431)	Y	P
Special education (GPC 0432)	Y	P
Other education not definable by level (GPC 0439)	NR	NR
Transportation of non-urban school students (GPC 0441)	Y	P
Transportation of other students (GPC 0449)	Y	P
<i>Transportation of other school students (GPC+ 0449.1)^b</i>	P	P
<i>Transportation of TAFE students (GPC+ 0449.2)^b</i>	P	P
<i>Transportation of University students (GPC+ 0449.3)^b</i>	P	P
Education nec. (GPC 0490) ^b	P	NR
Family and child welfare services (GPC 0621)	Y	P
<i>Child care services (GPC+ 0621.1)^b</i>	P	P
<i>Protection and support services (GPC 0621.2)^b</i>	P	P

Y = ‘yes’ — currently provide this expenditure. **P** = ‘potentially’ — do not currently provide this expenditure this data but could given sufficient consultation with services agencies and clear rules/methods for allocation. In its response, NSW indicated that a P indicates there may be some benefit in exploring with Agencies if there are accounts, or should be accounts which are indigenous specific. It is emphasised that this implies no commitment beyond this further investigation. **NR** = ‘not relevant’ — no such service provided in this jurisdiction (entry would be \$zero). **N** = ‘no’ — Can not provide these data and are unlikely to be able to do so under any circumstances. **nec** = Not elsewhere counted. ^a A full list of the proposed categories — which are still under development — is provided in appendix A. ^b In its response, NSW indicated that a their financial Information System was not capable of storing five digit codes. This does not represent a problem provided the data can be mapped to the classification proposed in appendix A. ^c Code not currently used.

New South Wales noted that GPC data have varying levels of quality, and that reliance on some aspects of GPC codes without consideration of data limitations is potentially misleading. Increased effort to provide greater consistency of quality will be necessary to establishing useful measures at any level of detail.

Victoria

Victoria collects annual data at the GPC 4-digit level (GFS) and also provides annual estimates at the 2-digit level for the general government sector. Both sets of data are provided to the ABS. There is a standard format for publishing the GPC tables which is a mixture of GPC 4-digit and GPC 3-digit data. These can be found in Appendix A of the Victorian Budget Paper 4 (historical data) and table 5.13 in chapter 5 of the Victorian Treasury Annual Financial Report (current year and previous year data).

In addition, the accounting standards require Victoria to publish, from 2008-09 onwards, whole of government GPC expenses (which includes public non-financial and public financial corporations). This will be nominally collected at 4-digit level, but Victoria does not expect good quality data at the 3–4 digit level, as it is not required by either ABS or Commonwealth Grants Commission.

The Victorian Department of Treasury and Finance (DTF) information systems do not currently contain data that could readily be extracted to match to additional GPC+ categories proposed in appendix A.

Victoria response to the January 2009 survey is provided in table 5.3. However, Victoria was unable consult with the relevant line agencies in the time available. As a consequence, the ‘potentially’ (P) entries are DTF estimates. Some expenditure items may prove too difficult to separate out Indigenous specific programs.

Queensland

The Queensland response to the January 2009 survey is provided in table 5.4. Queensland currently collects data on a quarterly basis at the GPC 4-digit level and provides this to the ABS. For budget purposes information is also reported at the 2-digit level. The reporting of data at the 5-digit level for some categories and the identification of Indigenous specific expenditure for all GPC+ categories will require changes to current data capture processes. This will take considerable time and resources to implement. Queensland noted further consultation with agencies would be required before this information could be collected.

Table 5.3 Victorian Treasury’s initial assessment on its ability to provide data — (selected classifications)^a

<i>Description^b</i>	<i>Total expenditure</i>	<i>Expenditure on Indigenous specific programs</i>
Law courts and legal services (GPC 0320)	Y	P
<i>Criminal courts services (GPC+ 0320.1)</i>	P	P
<i>Other courts and legal services (GPC+ 0320.2)</i>	P	P
Prisons and corrective services (GPC 0330)	Y	P
<i>Juvenile corrective institutions (GPC+ 0330.1)</i>	P	P
<i>Other prisons and corrective services (GPC+ 0330.2)</i>	P	P
Other public order and safety (GPC 0390)	Y	P
Primary education (GPC 0411)	Y	P
Secondary education (GPC 0412)	Y	P
Primary and secondary education nec. (GPC 0419)	Y	P
University education (GPC 0421)	NR	NR
Technical and further education (GPC 0422)	Y	P
Tertiary education nec. (GPC 0429)	Y	P
Pre-school education (GPC 0431)	Y	P
Special education (GPC 0432)	Y	P
Other education not definable by level (GPC 0439)	P	P
Transportation of non-urban school students (GPC 0441)	Y	P
Transportation of other students (GPC 0449)	P	P
<i>Transportation of other school students (GPC+ 0449.1)</i>	P	P
<i>Transportation of TAFE students (GPC+ 0449.2)</i>	P	P
<i>Transportation of University students (GPC+ 0449.3)</i>	P	P
Education nec. (GPC 0490)	Y	P
Family and child welfare services (GPC 0621)	Y	P
<i>Child care services (GPC+ 0621.1)</i>	P	P
<i>Protection and support services (GPC 0621.2)</i>	P	P

Y = ‘yes’ — currently provide this expenditure. **P** = ‘potentially’ — do not currently provide this expenditure this data but could given sufficient consultation with services agencies and clear rules/methods for allocation. **NR** = ‘not relevant’ — no such service provided in this jurisdiction (entry would be \$zero). **N** = ‘no’ — Can not provide these data and are unlikely to be able to do so under any circumstances. **nec** = Not elsewhere counted. **np** = Not provided. ^a Victoria indicated that categories identified as ‘potentially’ (P) should be interpreted as areas where further investigation can be undertaken. Victoria cannot agree to these measures until it is able to assess whether data can be collected following consultation with delivery agencies. ^b A full list of the proposed categories — which are still under development — is provided in appendix A.

Table 5.4 Queensland Treasury's initial assessment on its ability to provide data — (selected classifications)

<i>Description^a</i>	<i>Total expenditure</i>	<i>Expenditure on Indigenous specific programs</i>
Law courts and legal services (GPC 0320)	Y	N
<i>Criminal courts services (GPC+ 0320.1)</i>	P	pb
<i>Other courts and legal services (GPC+ 0320.2)</i>	P	N
Prisons and corrective services (GPC 0330)	Y	N ^c
<i>Juvenile corrective institutions (GPC+ 0330.1)</i>	P	N ^c
<i>Other prisons and corrective services (GPC+ 0330.2)</i>	P	N ^c
Other public order and safety (GPC 0390)	Y	P
Primary education (GPC 0411)	Y	P
Secondary education (GPC 0412)	Y	P
Primary and secondary education nec. (GPC 0419)	Y	P
University education (GPC 0421)	Y	P
Technical and further education (GPC 0422)	Y	P
Tertiary education nec. (GPC 0429)	Y	P
Pre-school education (GPC 0431)	Y	P
Special education (GPC 0432)	Y	P
Other education not definable by level (GPC 0439)	Y	P
Transportation of non-urban school students (GPC 0441)	Y	P
Transportation of other students (GPC 0449)	Y	P
<i>Transportation of other school students (GPC+ 0449.1)</i>	P	P
<i>Transportation of TAFE students (GPC+ 0449.2)</i>	P	P
<i>Transportation of University students (GPC+ 0449.3)</i>	P	P
Education nec. (GPC 0490)	Y	P
Family and child welfare services (GPC 0621)	Y	P
<i>Child care services (GPC+ 0621.1)</i>	P	P
<i>Protection and support services (GPC 0621.2)</i>	P	P

Y = 'yes' — currently provide this expenditure. **P** = 'potentially' — do not currently provide this expenditure this data but could given sufficient consultation with services agencies and clear rules/methods for allocation. **NR** = 'not relevant' — no such service provided in this jurisdiction (entry would be \$zero). **N** = 'no' — Can not provide these data and are unlikely to be able to do so under any circumstances. **nec** = Not elsewhere counted. ^a A full list of the proposed categories — which are still under development — is provided in appendix A. ^b Would require assumptions and therefore, caveats. ^c Would require an agreed methodology for proportional allocation of non-specific expenditure

Western Australia

The WA response to the January 2009 survey is provided in table 5.5. Western Australia has most of the information available for the required GPC reporting. However, Western Australia does not currently have information on the additional GPC+ categories proposed in appendix A.

Table 5.5 WA Treasury’s initial assessment on its ability to provide data — (selected classifications)

<i>Description^a</i>	<i>Total expenditure</i>	<i>Expenditure on Indigenous specific programs</i>
Law courts and legal services (GPC 0320)	Y	P
<i>Criminal courts services (GPC+ 0320.1)</i>	<i>P</i>	<i>P</i>
<i>Other courts and legal services (GPC+ 0320.2)</i>	<i>P</i>	<i>P</i>
Prisons and corrective services (GPC 0330)	Y	P
<i>Juvenile corrective institutions (GPC+ 0330.1)</i>	<i>Y</i>	<i>P</i>
<i>Other prisons and corrective services (GPC+ 0330.2)</i>	<i>Y</i>	<i>P</i>
Other public order and safety (GPC 0390)	Y	P
Primary education (GPC 0411)	Y	P
Secondary education (GPC 0412)	Y	P
Primary and secondary education nec. (GPC 0419)	Y	P
University education (GPC 0421)	Y	P
Technical and further education (GPC 0422)	Y	P
Tertiary education nec. (GPC 0429)	Y	P
Pre-school education (GPC 0431)	Y	P
Special education (GPC 0432)	Y	P
Other education not definable by level (GPC 0439)	Y	P
Transportation of non-urban school students (GPC 0441)	Y	P
Transportation of other students (GPC 0449)	Y	P
<i>Transportation of other school students (GPC+ 0449.1)</i>	<i>P</i>	<i>P</i>
<i>Transportation of TAFE students (GPC+ 0449.2)</i>	<i>P</i>	<i>P</i>
<i>Transportation of University students (GPC+ 0449.3)</i>	<i>P</i>	<i>P</i>
Education nec. (GPC 0490)	Y	P
Family and child welfare services (GPC 0621)	Y	P
<i>Child care services (GPC+ 0621.1)</i>	<i>P</i>	<i>P</i>
<i>Protection and support services (GPC 0621.2)</i>	<i>P</i>	<i>P</i>

Y = ‘yes’ — currently provide this expenditure. **P** = ‘potentially’ — do not currently provide this expenditure this data but could given sufficient consultation with services agencies and clear rules/methods for allocation. **NR** = ‘not relevant’ — no such service provided in this jurisdiction (entry would be \$zero). **N** = ‘no’ — Can not provide these data and are unlikely to be able to do so under any circumstances. **nec** = Not elsewhere counted. **np** = Not provided. ^a A full list of the proposed categories — which are still under development — is provided in appendix A.

Western Australia highlighted the importance of data definition and guidelines to progress the items identified as ‘potentially’ (P), and the need for further liaison with the appropriate line agencies to determine a suitable method for the calculation. Options include service related information in annual reports, specific cost centre information or an estimated level of effort. In some cases this exercise may determine there is nil expenditure for a particular code.

South Australia

The SA response to the January 2009 survey is provided in table 5.6.

Table 5.6 SA Treasury's initial assessment on its ability to provide data — (selected classifications)

<i>Description^a</i>	<i>Total expenditure</i>	<i>Expenditure on Indigenous specific programs</i>
Law courts and legal services (GPC 0320)	Y	P
<i>Criminal courts services (GPC+ 0320.1)</i>	Y	P
<i>Other courts and legal services (GPC+ 0320.2)</i>	Y	P
Prisons and corrective services (GPC 0330)	Y	P
<i>Juvenile corrective institutions (GPC+ 0330.1)</i>	P	P
<i>Other prisons and corrective services (GPC+ 0330.2)</i>	P	P
Other public order and safety (GPC 0390)	Y	P
Primary education (GPC 0411)	Y	P
Secondary education (GPC 0412)	Y	P
Primary and secondary education nec. (GPC 0419)	Y	P
University education (GPC 0421)	Y	P
Technical and further education (GPC 0422)	Y	P
Tertiary education nec. (GPC 0429)	Y	P
Pre-school education (GPC 0431)	Y	P
Special education (GPC 0432)	Y	P
Other education not definable by level (GPC 0439)	Y	P
Transportation of non-urban school students (GPC 0441)	P	P
Transportation of other students (GPC 0449)	P	P
<i>Transportation of other school students (GPC+ 0449.1)</i>	P	P
<i>Transportation of TAFE students (GPC+ 0449.2)</i>	N	N
<i>Transportation of University students (GPC+ 0449.3)</i>	NR	NR
Education nec. (GPC 0490)	Y	P
Family and child welfare services (GPC 0621)	Y	P
<i>Child care services (GPC+ 0621.1)</i>	Y	P
<i>Protection and support services (GPC 0621.2)</i>	Y	P

Y = 'yes' — currently provide this expenditure. **P** = 'potentially' — do not currently provide this expenditure this data but could given sufficient consultation with services agencies and clear rules/methods for allocation. **NR** = 'not relevant' — no such service provided in this jurisdiction (entry would be \$zero). **N** = 'no' — Can not provide these data and are unlikely to be able to do so under any circumstances. **nec** = Not elsewhere counted. ^a A full list of the proposed categories — which are still under development — is provided in appendix A.

South Australia is able to provide expenditure data for most categories. However, further work would be needed to provide information on the additional categories

GPC+ proposed in appendix A, and to identify any specific Indigenous expenditure that might exist.

Table 5.7 Tasmanian Treasury's initial assessment on its ability to provide data — (selected classifications)

<i>Description^a</i>	<i>Total expenditure</i>	<i>Expenditure on Indigenous specific programs</i>
Law courts and legal services (GPC 0320)	Y	P ^b
<i>Criminal courts services (GPC+ 0320.1)</i>	np	np
<i>Other courts and legal services (GPC+ 0320.2)</i>	np	np
Prisons and corrective services (GPC 0330)	Y	P ^b
<i>Juvenile corrective institutions (GPC+ 0330.1)</i>	Y	P
<i>Other prisons and corrective services (GPC+ 0330.2)</i>	np	np
Other public order and safety (GPC 0390)	np	np
Primary education (GPC 0411)	np	np
Secondary education (GPC 0412)	np	np
Primary and secondary education nec. (GPC 0419)	np	np
University education (GPC 0421)	np	np
Technical and further education (GPC 0422)	np	np
Tertiary education nec. (GPC 0429)	np	np
Pre-school education (GPC 0431)	np	np
Special education (GPC 0432)	np	np
Other education not definable by level (GPC 0439)	np	np
Transportation of non-urban school students (GPC 0441)	Y ^c	N ^c
Transportation of other students (GPC 0449)	Y ^c	N ^c
<i>Transportation of other school students (GPC+ 0449.1)</i>	N ^c	N ^c
<i>Transportation of TAFE students (GPC+ 0449.2)</i>	N ^c	N ^c
<i>Transportation of University students (GPC+ 0449.3)</i>	N ^c	N ^c
Education nec. (GPC 0490)	np	np
Family and child welfare services (GPC 0621)	Y ^d	N ^d
<i>Child care services (GPC+ 0621.1)</i>	np	np
<i>Protection and support services (GPC 0621.2)</i>	np	np

Y = 'yes' — currently provide this expenditure. P = 'potentially' — do not currently provide this expenditure this data but could given sufficient consultation with services agencies and clear rules/methods for allocation. NR = 'not relevant' — no such service provided in this jurisdiction (entry would be \$zero). N = 'no' — Can not provide these data and are unlikely to be able to do so under any circumstances. nec = Not elsewhere counted. ^a A full list of the proposed categories — which are still under development — is provided in appendix A. ^b The Department of Justice could potentially provide this information. However it would depend on the level of detail required and any rules involved. The department does not currently capture information at this level. Advice is that such collection would be very costly and resource intensive to establish. ^c The Department of Infrastructure, Energy and Resources does not have any current mechanisms to track expenditure on Indigenous services/communities, and it would not be possible to do this in any reasonable manner. ^d The Child Welfare Information System (CWIS) can report data by Indigenous status however the Indigenous identifier does not match the ABS standard.

Tasmania

Tasmania's response to the January 2009 survey is provided in table 5.7.

The Australian Capital Territory

The ACT reports on expenditure at the 4-digit GPC level in Appendix E of ACT Budget Paper 3.¹ In its response, the ACT Treasury noted that reporting against data for the proposed GPC+ 5 digit codes and identifying Indigenous specific expenditure under GPC sub-groups could be challenging.

- Existing 4-digit GPC are currently not collected in a format that readily allows further segregation past the 4-digit level to match the GPC+ 5 digit codes
- The ACT's small Indigenous population of around 3800 people means that identifying expenditure beyond that provided for Indigenous specific programs is also difficult.

However, the ACT acknowledges that there may be potential to disaggregate GPC expenditure data into Indigenous and non-Indigenous components. This would depend on clear guidelines for allocation and scope of GPC categories and agreed assumptions for apportionment. On this understanding, the ACT commits to work with the Steering Committee to further investigate potential capacity to report on expenditure. The ACT response to the January 2009 survey is provided in table 5.6.

Table 5.8 **ACT Treasury's initial assessment on its ability to provide data — (selected classifications)**

<i>Description^a</i>	<i>Total expenditure</i>	<i>Expenditure on Indigenous specific programs</i>
Law courts and legal services (GPC 0320)	Y	P
<i>Criminal courts services (GPC+ 0320.1)</i>	Y	P
<i>Other courts and legal services (GPC+ 0320.2)</i>	Y	P
Prisons and corrective services (GPC 0330)	Y	P
<i>Juvenile corrective institutions (GPC+ 0330.1)</i>	Y	P
<i>Other prisons and corrective services (GPC+ 0330.2)</i>	NR	NR
Other public order and safety (GPC 0390)	Y	N

Table continued next page.

¹ The ACT Treasury identified a number of GPC 4-digit codes that are not relevant to the ACT as they only refer to Aboriginal communities which are defined as those with a predominantly Indigenous population. These include GPCs 0712, 0721, 0731, 0791, 0921, 1211, 1221, and 1241 (appendix A).

Table 5.8 (Continued)

<i>Description^a</i>	<i>Total expenditure</i>	<i>Expenditure on Indigenous specific programs</i>
Primary education (GPC 0411)	Y	P
Secondary education (GPC 0412)	Y	P
Primary and secondary education nec. (GPC 0419)	NR	NR
University education (GPC 0421)	Y	P
Technical and further education (GPC 0422)	Y	P
Tertiary education nec. (GPC 0429)	NR	NR
Pre-school education (GPC 0431)	Y	P
Special education (GPC 0432)	Y	P
Other education not definable by level (GPC 0439)	NR	NR
Transportation of non-urban school students (GPC 0441)	NR	NR
Transportation of other students (GPC 0449)	Y	P
<i>Transportation of other school students (GPC+ 0449.1)</i>	P	P
<i>Transportation of TAFE students (GPC+ 0449.2)</i>	P	P
<i>Transportation of University students (GPC+ 0449.3)</i>	P	P
Education nec. (GPC 0490)	NR	NR
Family and child welfare services (GPC 0621)	Y	P
<i>Child care services (GPC+ 0621.1)</i>	P	P
<i>Protection and support services (GPC 0621.2)</i>	Y	P

Y = 'yes' — currently provide this expenditure. P = 'potentially' — do not currently provide this expenditure data but might be able to given sufficient consultation with service agencies and clear guidelines for allocation. This would require clarification of the scope of the GPC sub-group, clearly agreed assumptions for proportional allocation and caveats. A 'P' indicates a commitment to further investigate potential capacity to report. NR = 'not relevant' — no such service provided in this jurisdiction (entry would be \$zero). N = 'no' — Can not provide these data. ^a A full list of the proposed categories — which are still under development — is provided in appendix A.

The Northern Territory

The NT response to the January 2009 survey is provided in table 5.9. The NT can provide most data required, including an understanding of its limitations.

The Northern Territory noted the need for consultation with program managers/service delivery experts, who understand how relevant data are collected, as well as the complexities of service delivery and how Indigenous people access services. NT noted that consultation with data experts will also be important, as will guidelines about what constitutes 'Indigenous targeted' services.

Table 5.9 NT Treasury’s initial assessment on its ability to provide data — (selected classifications)

<i>Description^a</i>	<i>Total expenditure</i>	<i>Expenditure on Indigenous specific programs</i>
Law courts and legal services (GPC 0320)	Y	Y
<i>Criminal courts services (GPC+ 0320.1)</i>	pb	Y
<i>Other courts and legal services (GPC+ 0320.2)</i>	P	Y
Prisons and corrective services (GPC 0330)	Y	Y
<i>Juvenile corrective institutions (GPC+ 0330.1)</i>	Y	Y
<i>Other prisons and corrective services (GPC+ 0330.2)</i>	Y	Y
Other public order and safety (GPC 0390)	Y	Y
Primary education (GPC 0411)	Y	Y
Secondary education (GPC 0412)	Y	Y
Primary and secondary education nec. (GPC 0419)	Y	Y
University education (GPC 0421)	NR	NR
Technical and further education (GPC 0422)	Y	Y
Tertiary education nec. (GPC 0429)	Y	Y
Pre-school education (GPC 0431)	Y	Y
Special education (GPC 0432)	Y	Y
Other education not definable by level (GPC 0439)	Y	Y
Transportation of non-urban school students (GPC 0441)	Y	Y
Transportation of other students (GPC 0449)	Y partial ^c	Y
<i>Transportation of other school students (GPC+ 0449.1)</i>	Y partial	Y
<i>Transportation of TAFE students (GPC+ 0449.2)</i>	Y partial	Y
<i>Transportation of University students (GPC+ 0449.3)</i>	NR	NR
Education nec. (GPC 0490)	Y	Y
Family and child welfare services (GPC 0621)	Y	Y
<i>Child care services (GPC+ 0621.1)</i>	Y	Y
<i>Protection and support services (GPC 0621.2)</i>	Y	Y

Y = ‘yes’ — currently provide this expenditure. **P** = ‘potentially’ — do not currently provide this expenditure this data but could given sufficient consultation with services agencies and clear rules/methods for allocation. **NR** = ‘not relevant’ — no such service provided in this jurisdiction (entry would be \$zero). **N** = ‘no’ — Can not provide these data and are unlikely to be able to do so under any circumstances. **nec** = Not elsewhere counted. ^a A full list of the proposed categories — which are still under development — is provided in appendix A. ^b Judgment about apportionment between criminal and civil court expenditure is required. While not labelled, Indigenous community (elders) courts and circuit courts are in operation specifically for Indigenous people and can be separately identified. ^c Transport of students who travel on school buses can be reported, however under current ticketing arrangements school students who use the general public bus service cannot be separately reported against.

5.2 Service use measures

The methodology outlined in chapter 4 describes how service use measures will be used to apportion spending on mainstream services between Indigenous and non-Indigenous people. Although the choice of service use measures has yet to be finalised, the Steering Committee has examined possible sources of data for measures of:

- *service use* — the proportion of mainstream services used by Indigenous people (which is a proxy for their share of service costs)
- *under-identification* — the degree to which service use data are distorted by under-identification of Indigenous service users
- *cost differential* — the extent to which the cost of providing mainstream services to Indigenous and non-Indigenous people varies.

Data availability and gaps for each of the National Framework strategic areas (based on the WGIR strategic areas for action) are discussed below. More detail on the proposed measures and source data is provided in appendix B.

The Steering Committee is yet to resolve some issues around cost differentials. The cost of providing many mainstream services is likely to be influenced by a range of factors, such as geographical location, economies of scale, or the effect of service users' socio-economic status on their capacity to cost share. Such factors could be either built into cost differentials, or reported separately to give context to Indigenous/non-Indigenous expenditure relativities.

In some cases, these differences are not yet known and further work will need to be undertaken to explore the existence and/or size of cost differentials. In other cases, there is no *prima facie* reason to expect a cost differential to exist. For example, there is no reason to expect the cost of providing welfare payments to vary between Indigenous and non-Indigenous recipients.

Early child development

The national framework will report expenditure on childcare (GPC+ 0621.1) and preschool (GPC 0431) services. These services represent a subset of the WGIR strategic areas of action of 'early childhood development' and the headline indicator 'early childhood development' — specific health expenditures relating to early childhood cannot be easily disaggregated from broader health expenditure and will be captured under the 'healthy lives' expenditure area).

Data for childcare and preschool service use measures are available from the Department of Education, Employment and Workplace Relations and Care census collections (table 5.10).

Table 5.10 Data availability and quality of early child development service use measures

<i>Service area</i>	<i>Data available</i>	<i>Indigenous identification</i>	<i>Cost differential^b</i>
Child care	Data available from the biennially <i>Australian Government Census of Child Care Services</i> (AGCCCS) collection. ^a	There has been no quality assessment conducted on either the dataset in general, or the Indigenous identification rates.	Not known.
Pre school	Data available from the annual <i>National Preschool Census</i> (NPC) collection.	Data quality of the NPC is thought to be reliable. Further work may be required to assess the quality of Indigenous identification.	Not known.

^a The AGCCCS was discontinued following the 2006 census. Similar replacement data are anticipated to be available from Child Care Management System (CCMS) administered by the Department of Education, Employment and Workplace Relations. ^b Cost differential information could be available from other sources.

More work will be needed to assess the quality of the data, in particular the reliability of Indigenous identification. Further work will also be needed to explore cost differentials associated with providing services to Indigenous children.

Education and training

The National Framework will report expenditure on school education, vocational education and training and higher education.

- *School education* — comprises expenditure on primary education (GPC 0411), secondary education (GPC 0412) and primary and secondary education nec (GPC 0419). It might be desirable to estimate the proportion of secondary education (GPC 0412) and primary and secondary education nec (GPC 0419) that is related to non-compulsory education (year 11 and 12 schooling). The primary source of service use measures for primary and secondary schooling is the MCEETYA *National Schools Statistics Collection* (NSSC), which is collected by the ABS.
- *Vocational education and training (VET)* — includes expenditure on technical and further education (GPC 0422) and vocational training (GPC 1331). The primary source of service use measures for VET services is the National Centre

for Vocational Education Research National *Vocational Education and Training Provider Collection* (NVETPC).²

- *Higher education* — covers expenditure on university education (GPC 0421) and tertiary education nec (GPC 0429). The primary source of service use measures is the Commonwealth Department of Education Employment and Workplace Relations *Higher Education Student Statistics Collection* (HESSC).

The potential data sources for use measures on educational training services are established national collections (appendix B). However, further work will be required to assess the quality of the collections, particularly the reliability of Indigenous identification, and to quantify any cost differentials (table 5.9).

Table 5.11 Data availability and quality of education and training service use measures

<i>Service area</i>	<i>Data available</i>	<i>Indigenous identification</i>	<i>Cost differential^a</i>
School education			
Primary education	Data available from the annual MCEETYA <i>National Schools Statistics Collection</i> (NSSC).	Data quality of Indigenous identification varies for each state.	Not known.
Secondary education			
Primary and secondary education nec.			
Special education			
Vocational education and training			
Technical and further education	Data available from the annual National Centre for Vocational Education Research (NCVER) — <i>National Vocational Education and Training Provider Collection</i> (NVETPC).	No quality assessment conducted on the dataset.	Not known.
Vocational training			
		The quality of data will also vary between the states and territories.	
		Indigenous students are those who self-identified on their enrolment form. Not all students respond to the relevant question. The non-response rate was 8.2 per cent in 2007.	

Table continued next page.

² It should be noted that the NVETPC does not cover all vocational and education and training undertaken, as arrangements are not in place to collect all data from all community education providers and private providers (DEEWR 2008).

Table 5.11 (Continued)

<i>Service area</i>	<i>Data available</i>	<i>Indigenous identification</i>	<i>Cost differential^a</i>
Higher education			
University education	Data available from the annual Department of Education Employment and Workplace Relations <i>Higher Education Student Statistics Collection</i> (HESSC).	It is likely that Indigenous students are under reported if students are required to self identify as Indigenous. The data quality for each state and territory is also likely to vary.	Not known.
Tertiary education nec.			

^a Cost differential information could be available from other sources.

Healthy lives

The National Framework will report against the ‘healthy lives’ strategic area according to the AIHW classifications in the *Expenditures on health services for Aboriginal and Torres Strait Islander peoples* report (appendix A, table A.5). Alignment with the AIHW classifications improves consistency in reporting and allows the Indigenous Expenditure Report to benefit from the extensive work undertaken by the AIHW (table 5.12).³

Table 5.12 **Data availability and quality of healthy lives service use measures**

<i>Service area</i>	<i>Data available</i>	<i>Indigenous identification</i>	<i>Cost differential</i>
Hospital admitted patient services	High quality service use data are available from the <i>National Hospital Morbidity</i> database. Geographical breakdown of data available. Data are reliable at an aggregated level and lower.	Indigenous reporting is available. Data on Indigenous under-identification is available and at the ASGC remoteness level. Indigenous under-identification factors are regarded as reliable at the aggregate level and lower.	Available.

Table continued next page.

³ It also provides consistency with the *Government National Health Expenditure* minimum data set, which has both been implemented by the Australian and State and Territory governments.

Table 5.12 (Continued)

<i>Service area</i>	<i>Data available</i>	<i>Indigenous identification</i>	<i>Cost differential</i>
Hospital non-admitted patient services	Service use data available. Data quality mediocre. No geographical data available.	Indigenous reporting available, mediocre quality. Proxy measures available. Aggregate data mostly reliable.	Available.
Medical Benefits Scheme (MBS) and Pharmaceutical Benefits Scheme (PBS)	Service use data is available. Data quality is high. Geographical breakdown of data available. Data are reliable at an aggregated level and lower.	Indigenous reporting via the use of Voluntary Indigenous Identification (VII) on Medicare card is available and improving. Indigenous use of PBS is available, potential for data quality improvements exist. Aggregate level data reliable and at a lower level (state and territory).	Available.
Community health services	Service use data variable. National minimum datasets for alcohol and drug treatment and community mental health provide quality data. Other community health areas of lower quality or no service use data. Geographical breakdown available for Office of Aboriginal and Torres Strait Islander Health (OATSIH) funded Aboriginal Community Controlled Health Organisations (ACCHOs).	Indigenous reporting available in higher quality data collections. Proxy measures available where data quality is poor. Indigenous geographical reporting for ACCHOs. Aggregate reporting reliable, some lower level reporting possible (state and territory).	Available.
Public health services	Service use data available for most areas of public health reporting, breast and cervical screening programs for example. No geographical breakdown available.	Indigenous reporting available for breast cancer screening. Aggregate reporting for some areas is reliable. Some lower level reporting possible (state and territory) for some areas.	Available.

Table continued next page.

Table 5.12 (Continued)

<i>Service area</i>	<i>Data available</i>	<i>Indigenous identification</i>	<i>Cost differential</i>
Public health services (continued)	Data are reliable at aggregate level and lower for some areas. Proxy measures available for other areas.		
Dental services (state and territory provided)	Dental service data available. No geographical data available. Aggregate data reliable.	Indigenous reporting available. Aggregate Indigenous data reliable.	Available.
Patient transport	Not available directly. Proxy measures from another data are applied.	Data reliability dependant on proxy measures, some reporting at lower level (state and territory).	Not available. ^a
Research	No service use data, grants data available. No geographical data available. Aggregate data reliable.	Proxy measures available where data quality is poor. Data reliability dependant on proxy measures, some reporting at lower level (state and territory).	Available.
Health administration	Most health administration is rolled up as part of each service area. Health administration data unable to be allocated to appropriate service area is reported here. No geographical split available. Aggregate data mostly reliable.	Allocated according to an algorithm.	Not applicable.

^a Cost differential information could be available from other sources.

Economic participation

The economic participation strategic area focuses on employment services and transfer payments. Expenditure on employment (employment placement programs, apprenticeship and training schemes) is generally captured by ‘other labour and employment services’ (GPC 1339). Transfer payments are captured by ‘social security’ (GPC 0610) expenditure and the proportion of ‘education nec’ (GPC 0490) that represents Abstudy and Ausstudy payments.

Although data exist at an individual jurisdiction/program level for employment services, further work will be required to consolidate this information and assess the quality of the data. Data on transfer payments should be available from Centrelink administration data (table 5.13).

Cost differential data for employment services are expected to be readily identifiable due to the contractual arrangements generally involved, but will also require consolidation. Cost differentials for transfer payments are expected to be minimal.

Table 5.13 Data availability and quality of economic participation service use measures

<i>Service area</i>	<i>Data available</i>	<i>Indigenous identification</i>	<i>Cost differential</i>
Other labour and employment services	There is no national collection of this data at present. Data might be available from individual jurisdictions and programs. For example, Community Development Employment Program (CDEP) provides data on program participation. Other data may be required for State and Territory funded programs Some data from ABS census and survey collections might be useful to estimate the take up rate of employment services. It might also be useful to gain an understanding of the characteristics of CDEP or other program participants.	The quality of Indigenous identification is unknown.	Information should be available but will require work to consolidate.
Social security Abstudy/Ausstudy payments	Centrelink administration data is likely to be the best source of data on Indigenous transfer payments. Privacy issues may need to be worked through before it could be used, especially for small area data.	Not known.	Cost differentials for transfer payments should be minimal.

Home environment

The home environment strategic area focuses on housing services and the provision of community infrastructure services. The national framework will include expenditure on ‘housing services’, ‘municipal services’, ‘water, sewerage and electricity services for discrete Indigenous communities’.

Data should be available from established ABS collections where the quality is well known (table 5.14).

Table 5.14 Data availability and quality of home environment service use measures

<i>Service area</i>	<i>Data available</i>	<i>Indigenous identification</i>	<i>Cost differential^a</i>
Housing services Municipal services Water, sewerage and electricity services for discrete Indigenous communities	High quality data should be available from the: <ul style="list-style-type: none"> • <i>National Aboriginal and Torres Strait Islander Social Survey (NATSISS)</i>. • <i>Community Housing and Infrastructure Needs Survey (CHINS)</i> data. • <i>Census of Population</i>. 	Data quality statements have been included with most of the reporting.	unknown.

^a Cost differential information could be available from other sources.

Safe and supportive communities

The safe and supportive communities strategic area covers a range of services which can be broadly grouped as:

- *public order and safety* — which includes ‘police services’ (GPC 0311), ‘criminal courts services’ (GPC+ 0321.1), ‘juvenile justice’ (GPC+ 0330.1), ‘corrective services’ (GPC+ 0330.2), and emergency services (‘fire protection services’ (GPC 0312))
- *community support and welfare* — which includes expenditure on aged care services [comprising ‘nursing homes for the aged’ (GPC 0530) and ‘welfare services for the aged’ (GPC 0622)], ‘welfare services for people with a disability’ (GPC 0622) and ‘child protection and support services’ (GPC 0621.2)
- *community development* — which includes expenditure on ‘aboriginal community development’ (GPC 0712), ‘other community development’ (GPC 0719), ‘aboriginal community amenities’ (GPC 0791) and ‘other community amenities’ (GPC 0799)
- *recreation and culture* — which includes expenditure on ‘national parks and wildlife’ (GPC 0811), ‘recreation facilities and services nec’ (GPC 0819), ‘cultural facilities and services’ (GPC 0820), ‘broadcasting and film production’ (GPC 0830), ‘recreation and culture nec’ (GPC 0890).

Public order and safety

There are two possible approaches to apportioning expenditure on public order and safety services. On the one hand, all members of the community benefit from improved community safety. However, a significant proportion of expenditure on these services is driven by the number of offenders, victims, or prisoners, and

Indigenous people are over-represented in the criminal justice system as both victims and offenders. The Steering Committee is continuing work to identify the most appropriate service use measures.

Possible data sources are listed in table 5.15. Significant work will be required to assess the quality of the data and the reliability of Indigenous identification. More work will also be necessary to assess the magnitude of any cost differentials that might exist.

Community support and welfare

Aged care services include residential services, community care services, respite services and need assessment services designed to meet the care and support needs of frail older Australians. Services for people with a disability include those funded under the National Disability Agreement (previously the Commonwealth State/Territory Disability Agreement), as well as through programs such as HACC and Commonwealth Rehabilitation Services (CRS) Australia. Child protection and support services include protection, out-of-home care and supported accommodation and assistance services provided to young people.

Table 5.15 Data availability and quality of home environment service — public order and safety use measures

<i>Service area</i>	<i>Data available</i>	<i>Indigenous identification</i>	<i>Cost differential^a</i>
Police services	ABS <i>Estimated Resident Population</i> ABS <i>Recorded Crime Victimisation</i> ABS is currently developing an offenders collection	Quality of the Indigenous identifier varies by jurisdiction.	Not available or unknown.
Courts services	ABS <i>Estimated Resident Population</i> ABS <i>Criminal Court Collection</i>	Indigenous identification not available for court collection.	Not available or unknown.
Corrective services	ABS <i>Estimated Resident Population</i> ABS <i>Corrective Services Collection</i> Juvenile justice National Minimum Data Set	Annual prisoner census data is thought to be fairly reliable.	Not available or unknown.
Fire protection services	ABS <i>Estimated Resident Population</i>	Good quality.	Not relevant.

^a Cost differential information could be available from other sources.

For aged care, disability and protection and support services, use measures relate to the proportion of Indigenous people accessing the services. For all these services, data collections exist that will provide usable measures (table 5.16). There are some known variations in quality across jurisdictions to be addressed.

Table 5.16 Data availability and quality of home environment service — community support and welfare use measures

<i>Service area</i>	<i>Data available</i>	<i>Indigenous identification</i>	<i>Cost differential^a</i>
Aged care services	<i>Community Care Management Information System (ACCMIS)</i> <i>Home and Community Care (HACC) database</i> DoHA data on National Aboriginal and Torres Strait Islander Flexible Aged Care program	Quality varies by jurisdiction but is known.	Not known.
Disability services	AIHW National Disability Agreement (NDA) National Minimum Data Set	Quality varies by jurisdiction but is known.	Not available.
Protection and support services	AIHW <i>National Child Protection (NCP) data collection</i> AIHW <i>SAAP National Data Collection</i>	Quality varies by jurisdiction but is known.	Not available.

^a Cost differential information could be available from other sources.

Further work will be required to assess the extent of any cost differentials associated with providing services to Indigenous people.

Community development

Community development includes services related to community planning (land zoning, building/construction regulation) and the provision of community amenities (street lighting, drinking fountains and bus stops). Many of the services are provided by local governments and aim to benefit the local community.⁴ The appropriate service use measure for these services would be a local population measure (table 5.17).

There is no reason to expect a cost differential for the provision of community development services to Indigenous people in mixed communities. Cost will, however, be influenced by community size and location (and possibly by the condition of the existing stock). Replacement and maintenance costs could be higher in communities with higher levels of vandalism.

However, the NT Treasury has found that for Indigenous communities, there can be large differences (when compared to other communities) relating to revenue raising capacity, service delivery and administrative scale, title issues, fees and charges.

⁴ This category of services could reside between under the ‘home environment’ strategic area, but is being developed as a discrete set of services that can be relocated after further consideration.

This is also recognised in the CGC separately assessing services to Indigenous communities which includes Indigenous community development.

Recreation and culture

The participation in organised sports, recreation and arts or community group activities is relevant to both the ‘healthy lives’ and ‘safe and supportive communities’ strategic areas.

These services are diverse and can benefit Indigenous (and non-Indigenous) people in numerous ways. For example, the provision of sporting facilities can benefit participants through better health and improved social bonds. Sporting activities can also benefit Indigenous participants and spectators in terms of self-esteem and community cohesion. People can also benefit from the knowledge that cultural heritage is protected and national parks and wildlife are preserved.

Further work is required to identify the most appropriate use measure for recreation and culture services. Initial investigations have focused on use measure for services most likely to benefit individual participants (table 5.17).

Data are very limited in this area and further work will be required to identify useful participation measures. However, a broad definition of beneficiaries could allow a population measure to be used.

Table 5.17 Data availability and quality of home environment service — community support and welfare use measures

<i>Service area</i>	<i>Data available</i>	<i>Indigenous identification</i>	<i>Cost differential^a</i>
<i>Community development</i>	<i>ABS Estimated Resident Population</i>	Good quality.	Not relevant.
Recreation and culture	Australian Sports Commission <i>Exercise, Recreation and Sport Survey (ERASS)</i> . No useful data on Indigenous participation in arts programs. The <i>National Aboriginal and Torres Strait Islander Social Survey (NATSISS)</i> might contain some relevant information of attendance.	No publically available quality statements ERASS.	Not available.

^a Cost differential information could be available from other sources.

6 Future directions

The Steering Committee's proposed National Framework and methodology will enable the reporting of national estimates of government expenditure on services to Indigenous people that will be:

- *comparable* — the estimates will be comparable across jurisdictions and with data collected for other purposes that follow standard ABS classification
- *relevant* — the mapping of the national framework to the WGIR and *Overcoming Indigenous Disadvantage: Key Indicators* (OID) report strategic areas will assist policy makers to assess the progress and formulation of government policy
- *reliable* — the commitment, as part of the methodology, to report on the quality of data and encourage ongoing data improvement (in collaboration with other exercises) means that the quality of estimates will be known, and that improvements to quality can be targeted. Basic sensitivity analysis will provide transparency to the published estimates.
- *cost effective* — the proposed approach draws largely on existing expenditure data which will be apportioned between Indigenous and non-Indigenous expenditure. Although additional detail is required to map GPC classifications to the WGIR strategic areas, this process will be far less resource intensive than attempting to aggregate Indigenous expenditure from the program/service level. However, obtaining information to apportion expenditure between Indigenous and non-Indigenous people will require resources.
- *timely* — an initial report on expenditure for 2008-09 is expected to be achievable in 2010. Subsequent reports should be possible on an annual basis for the previous financial year.¹

Considerable work will be needed over 2009 to develop the methodology, to enable 'initial' reporting in 2010 (section 6.1). Development work will continue beyond the first report to improve the scope and quality of reporting over time. Large investments could be required by some jurisdictions, particularly where changes to

¹ Some information that is used to apportion expenditure will be updated less frequently. Similarly, outcomes data and information used to contextualise the expenditure estimates are likely to be more irregular.

collection methods are required to the quality and usefulness of their data. However, the benefits of these investments will also be large and on-going (section 6.2).

6.1 Towards the first report

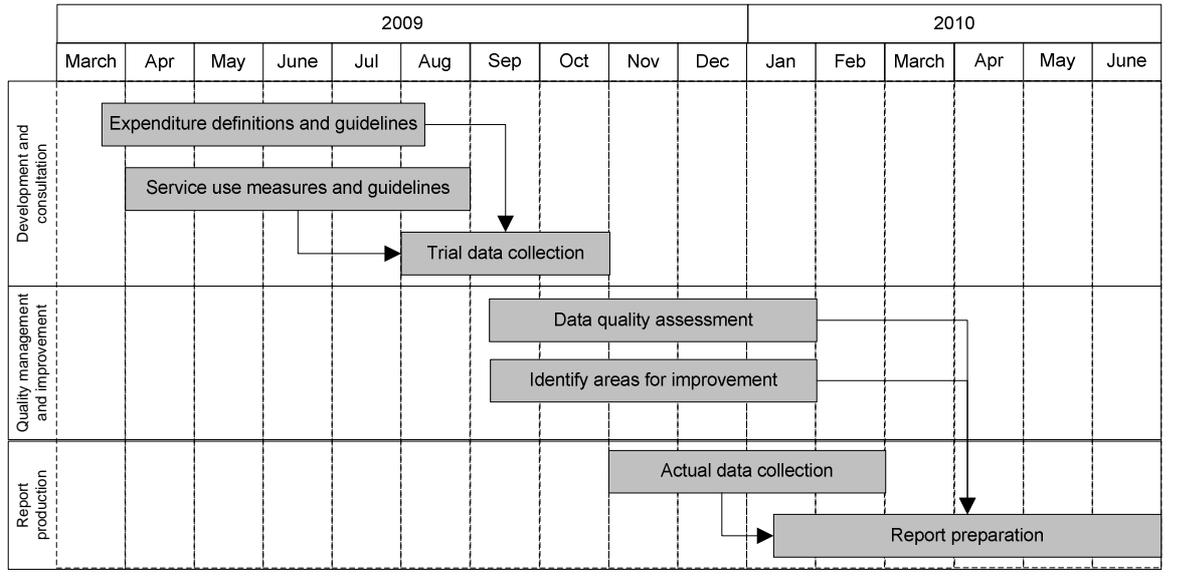
The support and commitment of all jurisdictions are essential if the National Framework is to produce meaningful and useful estimates.

Development work for the first report will require a more significant effort from jurisdictions than subsequent report cycles. Consultation will be required between and within jurisdictions to inform a number of fundamental decisions that will underpin future reporting.

Figure 6.1 provides a broad overview of the major tasks that must be completed as part of the first report cycle:

- *development phase* — as noted throughout this report, there are a number of issues that must be resolved before data can be estimated for the first report, including:
 - *expenditure definitions and guidelines* — in consultation with jurisdictions and data agencies, finalise the classification framework in appendix A, and reach agreement on the definitions and guidelines that will allow these to be implemented on a nationally-consistent basis.

Figure 6.1 Outline of major tasks of the first report cycle



It is anticipated that initially, work will be progressed by the Secretariat and Development Group, under the guidance of the Steering Committee. Some issues will require active consultation (for example, workshops involving representatives from data and service areas in relevant agencies).

Although national definitions and guidelines should be largely agreed for the first report, full reporting by all jurisdictions is likely to take time, and a commitment of resources, to achieve.

- *service use measures and guidelines* — identify the appropriate service use measures and data sources for allocating mainstream expenditure between Indigenous and non-Indigenous people for the 108 GPC+ categories in appendix A.

These issues will be progressed through a combination of work by the Secretariat and Development Group, under the guidance of the Steering Committee, and workshops involving appropriate jurisdictional representatives. The Steering Committee expects work on service use measures to be a continuing development issue that will be resolved over a number of report cycles.

- *trial data collection* — when the expenditure and service use measure definitions and guidelines have been provisionally resolved, it will be prudent to conduct a ‘trial’ collection (based on 2007-08 data) to identify any unexpected issues.

The trial data collection is likely to require significant assistance from jurisdictions’ finance and treasury departments. It is important that relevant areas of those departments are aware of the importance of this exercise, and are provided with the necessary dedicated resources.

- *quality management and improvement* — it is unlikely that all issues will be resolved during the development phase of the first year. The ability to report will vary by service area and jurisdiction. An important ‘second’ step is to identify areas for improvement by:
 - *data quality assessments* — assessments will identify the quality of the expenditure and service use data, to provide transparency about the reliability of the estimates and to identify areas for further work.

Assessments could involve examinations of existing information about data quality, but might also require specific studies which would need to be resourced. It is unlikely that a comprehensive data quality assessment of all data used in the estimation process will be possible before the first report is prepared.

-
- *identify areas for further improvement* — the development phase and trial collection will identify areas where further improvement is needed. These improvements might be in terms of scope or quality of reporting against the existing framework, and might relate to the national collection, or to individual jurisdictions.

Data quality information and areas for further development will form part of the annual report, providing information on the limitations and gaps in current reporting. Continual improvement may involve the identification of specific strategies that have resource implications beyond the capacity of this exercise. The Steering Committee will work closely with the WGIR, the COAG Reform Council and the Steering Committee for the Review of Government Service Provision on strategies to improve data collections that contribute to a range of national reporting exercises.

- *report production* — the report will draw together the expenditure estimates, contextual information on outcomes and Indigenous characteristics, and information on data quality and gaps
 - *actual data collection* — it is expected that the proposed 2010 Report will include data for the 2008-09 financial year. This will be collected using the framework, definitions and guidelines agreed during the development phase. Notwithstanding the trial collection, it is expected that the inaugural collection will require more time than subsequent collections.
 - *report preparation* — time will be needed to identify and agree the preferred format for reporting the expenditure estimates and supporting information. It is anticipated that subsequent reports will require considerably less preparation time.
- *report endorsement and publication* — the Steering Committee proposes that the Indigenous Expenditure Report be made publicly available. The initial report would be submitted to HoTs and the Ministerial Council for Federal Financial Relations for endorsement prior to publication.
- *consultation* — to date, the Steering Committee and Secretariat have consulted within government, but have not consulted with other important stakeholders, particularly Indigenous people and their organisations. Further consultation within government is expected to be essential to develop definitions and guidelines for expenditure and service use data.

The Steering Committee considers it important to consult with potential users of the report and with Indigenous people on the purpose, underlying principles and methodology of the report.

It is proposed that Steering Committee representatives conduct consultations within their jurisdictions, and that the Chairman of the Steering Committee and the Head of Secretariat hold discussions with Indigenous people and their organisations, and relevant officials and researchers.

6.2 Continual improvement

The development work undertaken over 2009 will not resolve all methodological, data quality or report presentation issues. Although the direct demands on jurisdictions' treasury and finance departments will decline once the development phase is completed, the Steering Committee anticipates significant scope for continuing improvement of the report's scope and quality. Early reports are likely to have limitations in terms of the coverage and quality of estimates. There could also be scope for improvement in the way information is presented in the report.

The Steering Committee anticipates that, beyond the first report, the production of Indigenous expenditure report will follow the general process illustrated in figure 6.2.

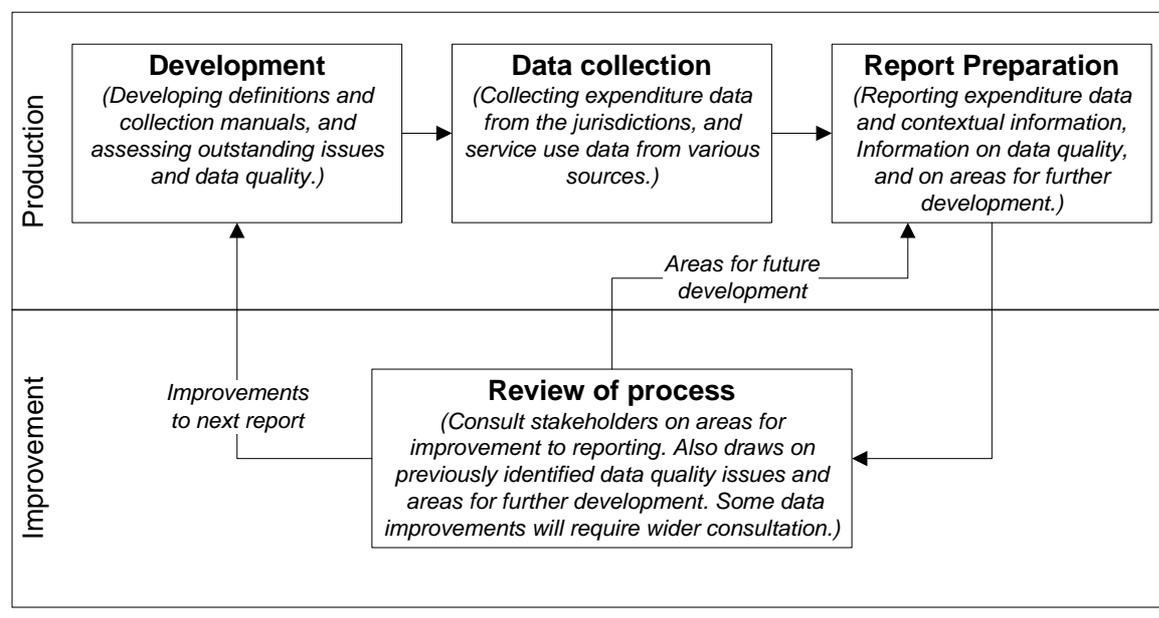
- *review of process* — a review of the previous report to identify areas for improvement. In some cases, ongoing improvement will rely on the cooperation and commitment of resources by other agencies. This could involve further work within individual jurisdictions or agencies to improve quality or identify further detail in their data. Alternatively, improvements could depend on changes to national collections, requiring the cooperation of bodies such as Ministerial councils, the ABS and the AIHW. Changes of this type will require cooperation and resources and will inevitably take time.

The second area for improvement — the presentation of results — will require that the Steering Committee consult widely with report users and stakeholders. Approaches adopted by exercises such as the Review of Government Service Provision provide useful models for consultation and user feedback.

The finding of this review will be recognised in a strategic plan for short term improvements (which can be implemented in the next report), and medium and long term improvements (which will require more time, but will be noted in the next report).

- *development* — changes relating to the short term improvements will be incorporated into the data definitions and guidelines, and into the presentation of results. The development process could identify new areas for improvement.
- *data collection* — data will be collected for the report. Where necessary further work on data quality will be conducted or continued.

Figure 6.2 Report production and improvement beyond the first report



- *report production* — The report will be produced, noting the improvements from previous reports (and the subsequent implications for comparability), and identifying areas for further development (identified in the strategic plan as medium to long term improvements).

The Steering Committee anticipates that the framework (the expenditure classifications, definitions and guidelines), and methodology (the apportionment methods and service use measures) will be completed within a relatively short period (for example, over the production of two or three annual reports). Beyond this point, the majority of ongoing work (which may require substantial work over several years) will relate to improving the quality of data and reporting.

Once the initial development phase is completed, it might be efficient for the Steering Committee for the Review of Government Service Provision to assume oversight of the expenditure report exercise. The expenditure report has strong synergies with the Overcoming Indigenous Disadvantage report and the Report on Government Services overseen by the Review Steering Committee. The two Steering Committees have similar membership, and the Productivity Commission provides the Secretariat to both Steering Committees.

A Government purpose classification

The first column of table A.1 provides a list of the standard ABS Government Purpose Classification (GPC) of expenditure as defined by the *Government Finance Statistics Input Classifications Version 2.1* (issued June 2006). The definitions for each category are provided in *ABS Australian System of Government Finance Statistics, Concepts, Sources and Methods*, ABS Cat No. 5514.0.

In some cases, the standard ABS GPC classifications must be disaggregated to facilitate a closer alignment with the WGIR strategic areas for action. For example, ‘GPC 0621 — Family and Child Welfare Services’ includes both ‘Child Care Services’ (which relates to the ‘Early Child Development’ WGIR strategic area for action) and ‘Protection and Support Services’ (which relates more closely to the ‘Safe and Supportive Communities’ WGIR strategic area for action).

To allow more flexible reporting and closer alignment with the WGIR strategic areas of action, the Steering Committee proposes extending the standard ABS GPC classifications to include additional sub-categories (the extended classification is referred to as the GPC+). For the previous example, *Family and Child Welfare Services* (GPC 0621) would have two sub-categories *Child Care Services* (GPC+ 0621.1) and *Protection and Support Services* (GPC+ 0621.2). The proposed extension to the GPC is for the purposes of the national framework only, and is not a revision to the official ABS classification.

The second column of table A.1 provides the Steering Committee’s initial assessment of the additional sub-categories that will be needed. More work is required on the number of additional sub-categories required, and the definitions of expenditure to be included in each category.

The third and fourth columns of table A.1 will contain data provided by Commonwealth, State and Territory Treasuries. The Indigenous column relates to identifiable Indigenous-specific expenditures. The third and fourth columns will be used to derive a residual expenditure (mainstream expenditure) which will be apportioned between Indigenous and non-Indigenous people, using weights derived from estimates of: respective service usage or benefit (adjusted for under reporting of the Indigenous status of service users or beneficiaries); and differentials in the cost of delivering services to Indigenous versus non-Indigenous people (chapter 4).

Table A.1 Expenditure purpose categories

GPC	GPC+	Description	Expenditure data that Treasuries will provide	
			Total	Indigenous ^a
0110		Government superannuation benefits		
0190		Other general public services		
0200		Defence		
0311		Police services		
0312		Fire protection services		
0320		Law courts and legal services		
	0320.1	<i>Criminal courts services</i>		
	0320.2	<i>Other courts and legal services</i>		
0330		Prisons and corrective services		
	0330.1	<i>Juvenile corrective institutions</i>		
	0330.2	<i>Other prisons and corrective services</i>		
0390		Other public order and safety		
0411		Primary education		
0412		Secondary education		
0419		Primary and secondary education nec.		
0421		University education		
0422		Technical and further education		
0429		Tertiary education nec.		
0431		Pre-school education		
0432		Special education		
0439		Other education not definable by level		
0441		Transportation of non-urban school students		
0449		Transportation of other students		
	0449.1	<i>Transportation of other school students</i>		
	0449.2	<i>Transportation of TAFE students</i>		
	0449.3	<i>Transportation of University students</i>		
0490		Education nec.		
0511		Admitted patient services in acute care institutions		
0512		Non-admitted patient services in acute care institutions		
0520		Mental health institutions		
0530		Nursing homes for the aged		
0541		Community mental health services		
	0541.1	<i>Medical services</i>		
	0541.2	<i>Other health practitioners</i>		
	0541.2	<i>Community mental health</i>		
0542		Patient transport		
0549		Other community health services		

Continued next page.

Table A.1 (Continued)

GPC	GPC+	Description	Expenditure data that Treasuries will provide	
			Total	Indigenous ^a
	0549.1	Medical services		
	0549.2	Other health practitioners		
	0549.3	Community health		
	0549.4	Private dental services		
	0549.5	State and territory dental services		
0550		Public health services		
0560		Pharmaceuticals, medical aids and appliances		
	0560.1	Benefit-paid pharmaceuticals		
	0560.2	Other medications		
	0560.3	Aids and appliances		
0570		Health research		
0590		Health administration nec.		
0610		Social Security		
0621		Family and child welfare services		
	0621.1	Child care services		
	0621.2	Protection and support services		
0622		Welfare services for the aged		
0623		Welfare services for people with a disability		
0629		Welfare services nec.		
0690		Social security and welfare nec.		
0711		Housing		
0712		Aboriginal community development		
0719		Other community development		
0721		Aboriginal community water supply		
0729		Other water supply		
0731		Aboriginal community sanitation services		
0739		Other sanitation and protection of the environment nec.		
0791		Aboriginal community amenities		
0799		Other community amenities		
0811		National parks and wildlife		
0819		Recreation facilities and services nec.		
0820		Cultural facilities and services		
0830		Broadcasting and film production		
0890		Recreation and culture nec.		
0911		Gas		
0919		Fuel affairs and services nec.		
0921		Aboriginal community electricity services		

Continued next page.

Table A.1 (Continued)

GPC	GPC+	Description	Expenditure data that Treasuries will provide	
			Total	Indigenous ^a
0922		Other electricity		
0929		Other energy		
0990		Fuel and energy nec.		
1010		Agriculture		
1020		Forestry, fishing and hunting		
1110		Mining and mineral resources other than fuels		
1120		Manufacturing		
1130		Construction		
1211		Aboriginal community road transport services		
1212		Road maintenance		
1213		Road rehabilitation		
1214		Road construction		
1219		Road transport nec.		
1221		Aboriginal community water transport services		
1222		Urban water transport services		
1223		Non-urban water transport services		
1231		Urban rail transport services		
1232		Non-urban rail transport freight services		
1233		Non-urban rail transport passenger services		
1241		Aboriginal community air transport services		
1249		Other air transport services		
1250		Pipelines		
1281		Multi-mode urban transport		
1289		Other transport nec.		
1290		Communications		
1310		Storage, saleyards and markets		
1320		Tourism and area promotion		
1331		Vocational training		
1339		Other labour and employment affairs		
1390		Other economic affairs nec.		
1410		Public debt transactions		
1420		General purpose inter-government transactions		
1430		Natural disaster relief		
1490		Other purposes nec.		

^a Identifiable Indigenous specific expenditure. **GPC** Government Purpose Classification. **GPC+** additional breakdown Government Purpose Classification to meet national framework requirement. **nec** Not elsewhere counted.

Table A.2 Proposed concordance between WGIR Early Child Development strategic area of action and the GPC/GPC+ classification

	<i>GPC/GPC+ code</i>
Childcare	0621.1
Preschool	0431

Table A.3 Proposed concordance between WGIR 'Education and Training' strategic area of action and the GPC/GPC+ classification

	<i>GPC/GPC+ code</i>
School education	
Primary education	0411
Secondary education	0412
Primary and secondary education nec.	0419
Special education	0432
Vocational Education and Training	
Technical and further education	0422
Vocational training	1331
Higher education	
University education	0421
Tertiary education nec.	0429
Other	
Transportation of non-urban school students	0441
Transportation of other students	
Transportation of other school students	0449.1
Transportation of TAFE students	0449.2
Transportation of University students	0449.3

Table A.4 Proposed concordance between WGIR 'Economic Participation' strategic area of action and the GPC/GPC+ classification

	<i>GPC/GPC+ code</i>
Other labour and employment services	1339
Social security	0610

Table A.5 Proposed concordance between WGIR ‘Health Lives’ strategic area of action and the AIHW and GPC/GPC+ classifications

	<i>GPC/GPC+ code</i>
<i>Public hospital/hospital services (AIHW classification)</i>	
Admitted patient services in acute care institutions	0511
Non-admitted patient services in acute care institutions	0512
Mental health institutions	0520
<i>Patient transport (AIHW classification)</i>	
Patient transport	0542
<i>Medical services (AIHW classification)</i>	
Medical services — Community mental health services	0541.1
Medical services — Other community health services	0549.1
<i>Other health practitioners (AIHW classification)</i>	
Other health practitioners — Community mental health services	0541.2
Other health practitioners — Other community health services	0549.2
<i>Benefit-paid pharmaceuticals (AIHW classification)</i>	
Benefit-paid pharmaceuticals	0560.1
<i>Other medications (AIHW classification)</i>	
Other medications	0560.2
<i>Aids and appliances (AIHW classification)</i>	
Aids and appliances	0560.3
<i>Community health (AIHW classification)</i>	
Community mental health	0541.3
Community health	0549.3
<i>Public health (AIHW classification)</i>	
Public health services	0550
<i>Dental services (AIHW classification)</i>	
Dental services	0549.4
<i>State and Territory dental services (AIHW classification)</i>	
State and Territory dental services	0519.5
<i>Health administration (AIHW classification)</i>	
Health administration nec	0590
<i>Health research (AIHW classification)</i>	
Health research	0570

Table A.6 Proposed concordance between WGIR 'Home Environment' strategic area of action and the GPC/GPC+ classification

	<i>GPC/GPC+ code</i>
<i>Housing services</i>	
Housing	0711
<i>Municipal services</i>	
Other water supply	0729
Other sanitation and protection of the environment nec	0739
Other electricity	0929
<i>Municipal services (discrete Indigenous communities)</i>	
Aboriginal community water supply	0721
Aboriginal community sanitation services	0731
Aboriginal community electricity services	0922
<i>Transport services</i>	
Aboriginal community road transport services	1211
Aboriginal community water transport services	1221
Aboriginal community air transport services	1241

Table A.7 Proposed concordance between WGIR 'Safe and Supportive Communities' strategic area of action and the GPC/GPC+ classification

	<i>GPC/GPC+ code</i>
<i>1. Public order and safety</i>	
Police services	
Police services	0311
Criminal courts services	
Criminal courts services	0320.1
Juvenile justice	
Juvenile justice	0330.1
Corrective services	
Corrective services	0330.2
Emergency management	
Fire protection services	0312
Other	
Other public order and safety nec	0390
<i>2. Community support and welfare</i>	
Aged care services	
Nursing homes for the aged	0530
Welfare services for the aged	0622
Disability services	
Welfare services for people with a disability	0623
Protection and support services	
Protection and support services	0621.2
Other	
Welfare services nec	0929
Social security and welfare nec	0690
<i>3. Community development</i>	
Aboriginal community development	0712
Other community development	0719
Aboriginal community amenities	0791
Other community amenities	0799
<i>4. Recreation and culture</i>	
National parks and wildlife	0811
Recreation facilities and services nec	0819
Cultural facilities and services	0820
Broadcasting and film production	0830
Recreation and culture nec	0890

B Service use measures

This appendix provides an overview of *possible* service use measures for the main areas of expenditure in the proposed National Framework. (As explained in chapter 3, the areas of expenditure in the National Framework are based on the WGIR strategic areas of action.) The service use measures summarised in this appendix are *indicative* of the types of data that will be required to apportion expenditure on mainstream services between Indigenous and non-Indigenous users of those services. The work in this appendix is preliminary and not all areas of expenditure are covered. The Steering Committee anticipates that more work will be required to identify, further refine and test appropriate service use measures before they can be applied to expenditure reporting.

The following sections address each of the National Framework areas (except governance and leadership, for which no GPC concordance is possible), and examine the following points:

- *definition* — defining the subject area, including issues of overlap or dissimilarity between Government Purpose Classification (GPC) (appendix A) and proposed National Framework expenditure areas (WGIR strategic areas of action)
- *service use measure* — possible use measures and information on cost differentials, and potential data sources
- *data quality issues and data gaps* — known data gaps and data quality issues and potential strategies to address these issues.

B.1 Early child development

Definition

Early child development aims to promote the healthy growth and optimal development of children. Programs that contribute towards this strategic area can include pre-natal, maternity and ante-natal care, and initiatives that strengthen parenting skills and support networks in families and communities. Child care and

preschool services play a significant role supporting early childhood development and growth and promote early school engagement and performance.

Several health-related strategic change indicators are included under this area in the WGIR framework. At this stage, specific health expenditures relating to early childhood cannot be easily disaggregated from broader health expenditure, and so are not proposed for inclusion in this area of the National Framework (they will be captured under the ‘healthy lives’ expenditure area). The most significant area of early childhood expenditure that can be reported on in the national Framework relates to children’s services (childcare and preschool) (table B.1).

Table B.1 Expenditure area, related indicators and GPC+ classifications

<i>WGIR Strategic areas of action</i>	<i>Headline indicators and strategic change indicators</i>	<i>Potential expenditure purpose classifications (appendix A)</i>
Early child development	<ul style="list-style-type: none"> • Basic skills for life and learning • Injury and preventable disease • Early childhood hospitalisations • Maternal age at first birth • Birth weight • Maternal health • Hearing impediments 	<ul style="list-style-type: none"> • Childcare • Pre-school (see table A.2 for detail)

Government purpose classification definition

The GPC defines child care as long-day care centres, family-day care, occasional care/other centres and outside school hours of care. Pre-school services are defined as education programs for children up to five years of age, delivered in a school-type environment designed to bridge the gap between a home and school atmosphere.

Service use measures

Two possible service use measures have been identified:

- *Child care services* — the representation of Indigenous children in Australian Government approved child care services at an agreed point in time during the year.
- *Pre-school services* — the representation of Indigenous children enrolled in State and Territory funded and/or provided pre-schools at an agreed point in time during the year.

Service use data

Childcare services

The primary source of data for childcare service use measures was the Department of Education, Employment and Workplace Relations' *Australian Government Census of Child Care Services* (AGCCCS) collection. This collection:

- holds the most comprehensive data available on Australian Government approved and funded child care. It collects information about child care users (including an Indigenous identifier), staff and carers, and operation details of child care services.
- was conducted biennially, the latest collection relating to 2006.

The AGCCCS was discontinued following the 2006 census. Replacement data are available from Department of Education, Employment and Workplace Relations' administrative systems. The 2009 *Report on Government Services* (RoGS) was able to replace most data previously provided by the AGCCCS with data from Centrelink and child care benefit payment systems. The RoGS expects that in the future, data will be drawn from the Child Care Management System (CCMS) (administered by DEEWR).

Pre-school services

The primary source of data for pre-school service use measures is the Department of Education, Employment and Workplace Relations' *National Preschool Census* collection. This collection:

- provides information on pre-school student enrolments, with a focus on Indigenous students
- is conducted annually in the first week of August, the latest collection relating to 2007
- counts enrolled students if they were on the roll during the census week and had attended a pre-school education program in the previous month.

Data quality issues and data gaps

Childcare services

Quality of reporting of Indigenous status in data:

-
- There has been no quality assessment conducted on either the dataset in general, or the Indigenous identification rates. Further work will need to be conducted to assess the quality of Indigenous identification in the dataset.

Availability of geographic data:

- As a census, smaller geographic area reporting may be possible with this data set.

The quality of the CCMS is unknown. The RoGS Secretariat has been advised that CCMS data will be collected quarterly. All Australian Government approved services are required to be on the CCMS by July 2009. It is not clear whether data on Indigenous children attending/participating in childcare services will be available from the CCMS.

Pre-school services

Scope of data:

- The *National Preschool Census* only covers around 75 per cent of pre-school services.

Quality of reporting of Indigenous status in data:

- The general data quality of the *National Preschool Census* is thought to be fairly reliable and is being used in government reporting and for the allocation of Indigenous Education Strategic Initiatives Program (IESIP) funds. However, to confirm its reliability in the area of Indigenous enrolment rates, work will be required to assess the dataset in terms of quality of Indigenous identification.

Availability of geographic data:

- Information is currently available at national and State and Territory level, Statistical Districts and MCEETYA classification areas of Metropolitan, Provincial and Remote areas. Data should also be available at reasonably fine geographic levels if required.

Cost differentials:

- The most significant gaps relate to information on the cost differentials of providing Indigenous services in child care and pre-school relative to the Indigenous status of the recipient or the location of the recipient.
- Service costs for small remote communities are likely to be higher because of location and community size rather than due to the Indigenous status of the

service users. However, other factors such as language, behavioural issues, or physical disabilities would also need to be considered.

B.2 Education and training

Definition

The area of education and training covers ‘school education’, ‘vocational education and training’, ‘higher education’ and ‘other education and training services’ (table B.2). Primary school education excludes sessional education such as pre-school education, which is included under WGIR early childhood strategic area for action.

Table B.2 **Expenditure area, related indicators and GPC+ classifications**

Education and training	• School enrolment and attendance	• School education
	• Years 10 and 12 retention	• Vocational Education and Training
	• Year 9 attainment	• Higher education
	• Transition from school to work	(see table A.3 for detail)
	• Teacher quality	
	• Indigenous cultural studies	

Government purpose classification definition

There is a good match between the GPC and the education and training strategic area for action. Both the GPC and WGIR building blocks encompass primary and secondary schooling. The GPC also has tertiary and vocational education and training categories which align with the COAG headline indicator of improving post secondary education, participation and attainment.

School education

Service use measures

Two possible service use measures have been identified:

- *Compulsory education* — the representation of Indigenous students aged 5 to 15 years in educational institutions. Enrolment data could potentially be adjusted for attendance. Ideally, the service use measure for compulsory education would be the number of children enrolled (school census data) and attendance

information from schools' administrative data over the whole year. This would provide a more accurate picture of the number of students actually going to classes and using school resources. Enrolment rates will only show those students who have been enrolled but some of these students might never actually attend classes.

- *Non-compulsory education* — the representation of Indigenous students in education institutions for year 11 and 12 schooling. Enrolment data could potentially be adjusted for attendance.

Service use data

The primary source of service use measures for school education (primary and secondary schooling) is the MCEETYA *National Schools Statistics Collection* (NSSC). This collection:

- is an annual census of all State, Territory and Commonwealth education authorities. The census date for the collection, for all States and Territories, is the first Friday in August each year. For the 2007 collection, this was 3 August.
- provides enrolment data for Indigenous and non-Indigenous students in primary and secondary schools. Attendance data are available from a separate MCEETYA collection.

Data quality issues and data gaps

Quality of reporting of Indigenous status in data:

- Work will be required to prepare data quality statements relating to the Indigenous identifier for each reporting jurisdiction to be included in the report.

Availability of geographic data:

- At present, the NSSC is collected and reported at a jurisdiction level.
- Data are provided by State and Territory education departments. Smaller geographic area reporting should be possible from existing administrative data but this would require States and Territories to make the data available from their systems.

Data gaps and interim/alternative data:

- All States and Territories started to collect and report school attendance data in 2007. However, fully comparable attendance data may not be fully available for several years as each State and Territory is progressively implementing the nationally agreed definition and collection methodology. While collection of

attendance rates is improving, service use of primary and secondary schooling would initially be based on enrolment data.

- Population Census or NATSISS and GSS data could be used to estimate current attendance rates or to assist with assessing data quality issues in the NSSC. However, these data should not be a permanent substitute for attendance rates collected via administrative data.

Vocational education and training

Service use measures

One possible service use measure is Indigenous students' enrolment and attainment rates for vocational education and training education institutions.

Service use data

The primary source of service use measures for vocational education and training (VET) is the National Centre for Vocational Education Research (NCVER) — *National Vocational Education and Training Provider Collection* (NVETPC). This collection:

- contains information on persons undertaking publicly funded vocational and personal enrichment training
- provides data on VET participation rates and achievement rates
- contains data collected from training providers, which include TAFE institutes, some universities and secondary schools offering VET (this would need to be excluded in the expenditure study if it is to be comparable to the GPC that counts VET training at school under the school education classification)
- reports at the beginning of July on statistics for the previous calendar year. Data are submitted each calendar year to state training authorities, who then submit the data to NCVER by the end of March of the following year.

Data quality issues and data gaps

Quality of reporting of Indigenous status in data:

- Work is needed to assess the quality of the data in this dataset. There has been no quality assessment conducted on either the dataset in general or, the Indigenous participation rates.

-
- It is likely that Indigenous students are under reported as students are required to self identify as Indigenous. The quality of data will also vary between the states and territories.

Availability of geographic data:

- At present NVETPC is reported at State and Territory level.
- The information in this collection is sourced from student enrolment forms and through state training authorities from registered training providers. More detailed geographical reporting may be possible if supported by collection and reporting methods.

Data gaps and interim/alternative data:

- Unit of competency and/or module completion rates should also be used for VET. NVETPC also contains data on competencies achieved and units passed.

Cost differentials:

There may be cost differentials in delivering education and training. Cost differentials may depend on factors such as:

- subjects/courses studies (Indigenous students typically study lower level courses than non-Indigenous students, which may have an effect on costs)
- remoteness
- students' language capabilities
- physical and learning disabilities.

The Northern Territory Indigenous Expenditure Report takes account of both location and fluency of English and adjusts the cost per student accordingly.

Estimating the cost differentials in aggregate across a State or Territory may not be relevant if the cost differentials are restricted to specific geographic areas. In education, while recognising a higher service cost for Indigenous people, it may be very difficult to derive a cost differential figure in a transparent manner.

Higher education

Service use measures

One possible service use measure is the representation of Indigenous students (enrolment and attainment rates) for tertiary education institutions.

Service use data

The primary source of service use measures is the Department of Education Employment and Workplace Relations *Higher Education Student Statistics Collection* (HESSC). This collection:

- is an annual collection from all state and territories accounting for all students enrolled in at least one unit of study at a higher education institution
- provides data on Indigenous and non-Indigenous student enrolments and student load. There may also be attainment information available.

Data quality issues and data gaps

Quality of reporting of Indigenous status in data:

- Work will be needed to assess the quality of the data in this dataset by comparing administrative data to Population Census and/or survey data. There has been no quality assessment conducted on either the dataset in general, or the Indigenous enrolment rates.
- It is likely that Indigenous students are under reported if students are required to self identify as Indigenous. The data quality for each State and Territory is also likely to vary.

Availability of geographic data:

- At present, the HESSC is only reported at the State and Territory level. Administrative data should be available for smaller geographic areas.

Data gaps and interim/alternative data:

- The quality of Indigenous attainment data needs to be investigated for completeness of coverage of Indigenous students.
- ABS data from the NATSISS and the General Social Survey (GSS), or from the ABS Population census, could possibly be used to estimate attainment. However, these data sources only provide information on self-identified completed courses (i.e. the identification of attainment of a qualification) whereas the appropriate measure of attainment for the expenditure framework is the completion of a subject. There are also data quality issues with these data sources and it would be more accurate to improve the HESSC to collect good quality data on subject attainment than to rely on self-reported attainment in surveys.

B.3 Healthy lives

Definition

The National Framework will report expenditure following the Australian Institute of Health and Welfare (AIHW) classifications used for the *Expenditures on health services for Aboriginal and Torres Strait Islander people* report. An initial concordance between the AIHW classifications and the proposed GPC/GPC+ classification is presented in table B.3. More detail is provided in appendix A, table A.5. This concordance requires further development.

Table B.3 **Expenditure area, related indicators and GPC+ classifications**

Healthy lives	Expenditure area, related indicators	AIHW health classifications: ^a
	<ul style="list-style-type: none"> • Access to primary health • Potentially preventable hospitalisations • Avoidable mortality • Tobacco consumption and harm • Obesity and nutrition • Mental health • Tooth decay • Suicide and self-harm 	<ul style="list-style-type: none"> • Hospital/hospital services • Patient transport • Medical services • Other health practitioners • Benefit-paid pharmaceuticals • Other medications • Aids and appliances • Community health • Public health • Dental services • State/Territory dental services • Health administration • Health research <p>(see table A.5 for detail)</p>

^a The GPC/GPC+ classification for the WGIR 'healthy lives' strategic area have been designed to be consistent with the Australian Institute of Health and Welfare classifications used for the *Expenditures on health services for Aboriginal and Torres Strait Islander people* report.

The AIHW classifications identify the following nine service areas that have been approved and implemented by the Australian and State and Territory governments:

- hospital admitted patient services
- hospital non-admitted patient services
- medical benefits scheme and pharmaceutical benefits scheme
- community health services
- public health services
- dental services (State and Territory provided)

- patient transport
- research
- health administration

Service use data and data quality issues and data gaps are described in table B.4.

Table B.4 Summary of health areas

<i>Service area</i>	<i>Service use data</i>	<i>Indigenous reporting</i>	<i>Cost differential</i>
Hospital admitted patient services	High quality service use data are available from the National Hospital Morbidity Database. Geographical breakdown of data available. Data are reliable at an aggregated level and lower.	Indigenous reporting is available. Data on Indigenous under-identification is available and at the ASGC remoteness level. Indigenous under-identification factors are regarded as reliable at the aggregate level and lower.	Available.
Hospital non-admitted patient services	Service use data available. Data quality mediocre. No geographical data available.	Indigenous reporting available, mediocre quality. Proxy measures available. Aggregate data mostly reliable.	Available.
Medical Benefits Scheme (MBS) and Pharmaceutical Benefits Scheme (PBS)	Service use data is available. Data quality is high. Geographical breakdown of data available. Data are reliable at an aggregated level and lower.	Indigenous reporting via the use of Voluntary Indigenous Identification (VII) on Medicare card is available and improving. Indigenous use of PBS is available, potential for data quality improvements exist. Aggregate level data reliable and at a lower level (state and territory).	Available.
Community health services	Service use data variable. National minimum datasets available for alcohol and drug treatment and community mental health provide quality data. Other community health areas have lower quality or no service use data. Geographical breakdown of data available for Office of Aboriginal and Torres Strait Islander Health (OATSIH) funded Aboriginal Community Controlled Health Organisations (ACCHOs).	Indigenous reporting available in higher quality data collections. Proxy measures available where data quality is poor. Indigenous geographical reporting for ACCHOs. Aggregate reporting reliable, some lower level reporting possible (state and territory).	Available.

Table continued over page.

Table B.4 (Continued)

<i>Service area</i>	<i>Service use data</i>	<i>Indigenous reporting</i>	<i>Cost differential</i>
Public health services	Service use data available for most areas of public health reporting, breast and cervical screening programs for example. No geographical breakdown available. Data are reliable at aggregate level and lower for some areas. Proxy measures available for other areas.	Indigenous reporting available for breast cancer screening. Aggregate reporting for some areas is reliable. Some lower level reporting possible (state and territory) for some areas.	Available.
Dental services (state and territory provided)	Dental service data available. No geographical data available. Aggregate data reliable.	Indigenous reporting available. Aggregate Indigenous data reliable.	Available.
Patient transport	Not available directly. Proxy measures from another data are applied.	Data reliability dependant on proxy measures, some reporting at lower level (state and territory).	Not available. ^a
Research	No service use data, grants data available. No geographical data available. Aggregate data reliable.	Proxy measures available where data quality is poor. Data reliability dependant on proxy measures, some reporting at lower level (state and territory).	Available.
Health administration	Most health administration is rolled up as part of each service area. Health administration data unable to be allocated to appropriate service area is reported here. No geographical split available. Aggregate data mostly reliable.	Allocated according to an algorithm.	Not applicable.

^a Cost differential information could be available from other sources.

B.4 Economic participation

The economic participation strategic area for action focuses on social security and employment issues (table B.5).

Table B.5 Expenditure area, related indicators and GPC+ classifications

Economic participation	<ul style="list-style-type: none"> • Labour market participation (full/part time) by sector and occupation • Income support • Indigenous owned or controlled land and business • Home ownership 	<ul style="list-style-type: none"> • Other labour and employment services • Social security (see table A.4 for detail)
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The key economic participation services/support programs are:

- *employment services* — employment services encompass a wide range of services including employment placement, apprenticeship and training schemes designed to facilitate entry into the workforce of people currently not employed or in need of retraining, and support services for job seekers. It includes expenditure on the Community Development Employment Program (CDEP).
- *transfer payments* — transfer payments (including payments in kind) are designed to compensate for reduction or loss of income or inadequate earning capacity. They include sickness benefits, benefits to ex-service personnel and their dependants, permanent disability benefits, old age benefits, widows, deserted wives, divorcees and orphans benefits, unemployment benefits, family and child benefits and sole parents benefits.

Government purpose classification definition

The GPC collects information about employment services under the category of ‘Other labour and employment affairs’ (GPC 1339), but reporting might need to be narrowed down to identify the specific employment services of interest.

The GPC collects information about transfer payments under the categories of ‘social security’ (GPC 0610) and ‘education nec’ (GPC 0490):

- *social security 0610* — is no longer broken down further than the 3-digit level. It includes sickness benefits; benefits to ex-service personnel and their dependents; permanent disability benefits; old age benefits; widows’, deserted wives, divorcees, and orphans benefits; unemployment benefits; sole parents benefits.

GPC 0610 covers outlays on administration, provision, support, operation, etc. of social security affairs. If only on-the-ground expenditure is required, it may not be possible to separate the administration cost out from actual cash benefits.

Centrelink may be able to provide a more detailed breakdown of transfer payments by type and cash benefits (not including administration cost).

- *education nec 0490* — is no longer broken down further than the 3-digit level. It includes Abstudy and Ausstudy used for income support when studying.

Employment services

Service use measures

The ideal measure of service use would be the number of Indigenous and non-Indigenous clients that each service had seen over a year. The appropriate measure is the number of clients not the number of interactions per client where costs per person using the service are calculated rather than cost per service episode.

Service use data

Employment programs have identified Indigenous people as a key area for a number of years and most programs identify Indigenous service use in both Indigenous specific programs and wider population programs. However, the ABS is unaware of any national collection of this data at present. The quality of Indigenous identification reporting in existing data is also unknown.

Unemployment data from ABS census and surveys can be used to estimate the take up rate of employment services (the number of people who accessed the service compared to the potential pool of unemployed people who need the service).

Data on Community Development Employment Program (CDEP) participation is collected by the relevant Commonwealth agency (currently the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) and should be sourced from this agency rather than through census or survey data. Data should be available by a relevant sub state geography. ABS census and survey data can be used to gain an understanding of the characteristics of CDEP participants.

Data quality issues and data gaps

Cost differentials may include issues such as the number of clients versus the number of interactions per client. For employment services, contracts make allowances for dealing with more challenging clients so cost differentials for the average Indigenous clients have been calculated and should be available.

Transfer payments

To measure Indigenous and non-Indigenous receipt of transfer payments, an Indigenous identifier for all clients will be needed. The type of payment as well as the frequency and amount of payment may also be needed for cost differential measures and to categorise different transfer payment types.

Service use data

Centrelink administrative data are likely to be the best available source of data on Indigenous transfer payments.

Data on Indigenous status have been collected for more than two decades, on a voluntary identification basis. The high rate of ‘not stated’ Indigenous status in this collection indicates that Indigenous identification is incomplete and needs improvement.

Centrelink advised AIHW that there are no linkages with other databases but there have been some efforts to validate the data. AIHW is awaiting more detailed information on these validation methods from Centrelink.

A quality assessment would also need to be made on the Indigenous identifier for all payment types, as data may be good for Abstudy but may not be as accurate for other payment types.

Availability of geographic data:

If Centrelink data are used, fine geographical data should be available as most payments have an address of the recipient. Most of this information will have a postcode and many payments should be able to be coded to a specific geography. Privacy issues may need to be addressed, especially if small area data are required.

Data quality issues and data gaps

Cost differentials for transfer payments are likely to be minimal, and to relate to extra costs of administration for more remote areas.

B.5 Home environment

Definition

The area of home environment covers ‘housing services’, ‘municipal services’ and ‘water, sewerage and electricity services for discrete Indigenous communities’ (table B.6).

Table B.6 Expenditure area, related indicators and GPC+ classifications

Home environment	<ul style="list-style-type: none"> • Overcrowding in housing • Rates of disease associated with poor environmental health • Access to clean water and functional sewerage and electricity services 	<ul style="list-style-type: none"> • Housing services • Municipal services • Transport services (see table A.5 for detail)
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Housing services are an important part of the Home Environment strategic area, but are also closely related to the home ownership subsection of the economic participation strategic area for action.

Direct government housing services include the provision of public and community housing, home purchase and home ownership assistance, Indigenous housing, State and Territory private rental assistance (such as State and Territory provided bond loans, guarantees and assistance with rent payments and advance rent payments, relocation expenses and other one-off grants) and Commonwealth Rent Assistance (CRA).

Municipal services can be broadly defined as basic services that residents expect the government to provide, usually in exchange for rates and taxes. These basic services include a wide range of publically provided services and infrastructure (such as transport, water, electricity, communication, community facilities and so on). The WGIR has placed particular emphasis on water, sewerage and electricity services for discrete Indigenous communities.

Housing services

The GPC covers the area of housing services under the category of Housing and Community Development and has subcategories for community development in discrete Indigenous communities.

Service use data

AIHW data — the AIHW, as secretariat to various groups reporting to the Housing Ministers Advisory Council (HMAC), has collated program expenditure (and other information) for State Owned and Managed Indigenous Housing (SOMIH) and Indigenous Community Housing for a number of years. Data quality statements have been included with most of the reporting. AIHW data are generally only available at the state level (as reported by the various state and territory agencies).

FaHCSIA data — FaHCSIA may be able to provide information about the Commonwealth Rent Assistance (CRA) program. The quality of the Indigenous

status information in this data is not known. CRA payments could be geocoded based on mailing address of the recipients.

Indigenous Business Australia (and some state agencies) — various agencies may be able to provide information on managed home ownership programs. These data should be available for small geographic areas (subject to privacy issues).

ABS data — ABS could potentially provide information about housing and home ownership. This information could potentially be used to bridge data gaps in housing service data owned by other organisations, or be used to assess services' data quality. The main collections that may assist in the area of housing are:

- *National Aboriginal and Torres Strait Islander Social Survey (NATSISS)* — This survey is run every six years and includes remote areas (latest 2008-09), and provides the following information on housing:
 - tenure type
 - landlord type
 - rent/mortgage payments
 - household facilities
 - number of bedrooms
 - major structural problems
 - repairs and maintenance conducted in past 12 months
- *Community Housing and Infrastructure Needs Survey (CHINS)* — This collection is a census of all Indigenous Housing Organisations (IHOs). It is collected in conjunction with the field preparation for the Census of Population and Housing. The last collection was in 2006, and provides the following:
 - current housing stock, dwelling management and selected income and expenditure arrangements of Indigenous organisations that provide housing to Aboriginal and Torres Strait Islander people
 - details of housing and related infrastructure in discrete Indigenous communities such as water quality and supply, electricity supply, sewerage systems, drainage, rubbish collection and disposal
 - details of facilities available, such as transport, communication, education, sport and health services, in discrete Indigenous communities.
- *Census of Population and Housing* — can also provide information about tenure type/home ownership and landlord type, including the number of Indigenous and non-Indigenous people living in housing run by State and Territory housing commissions. Census data are available for small geographic areas.

Data quality issues and data gaps

NATSISS — is designed to provide reliable estimates at the national level and for each State and Territory. The sample is therefore spread across the states and territories in order to produce estimates that have a relative standard error of no greater than 20 per cent for characteristics that are relatively common in the Indigenous population.

Information recorded in this survey is essentially ‘as reported’ by respondents, and hence may differ from that which might be obtained from other sources or by using other collection methodologies. Responses may be affected by imperfect recall or individual interpretation of survey questions.

Data are available at State/Territory or remoteness level. It is unlikely that geographical breakdown at lower levels will be possible because of data quality issues.

CHINS — Results from the validation processes of CHINS data have indicated that aggregate data are considered to be fit to:

- evaluate the current condition and adequacy of the infrastructure and facilities in discrete Indigenous communities
- contribute toward estimates of the cost of upgrading and/or establishing housing and infrastructure in discrete Indigenous communities
- assist in the process of planning future development in Aboriginal and Torres Strait Islander communities.

However, inability to obtain data from some IHO units means that caution should be used when analysing data.

CHINS can only provide information on the discrete Indigenous communities included in the survey. However, data quality and privacy issues would need to be considered.

Cost differentials:

It could cost more to provide some housing services, (for example, maintenance of public housing and Indigenous community housing) because of factors such as:

- overcrowding
- remoteness/environmental factors (e.g. coastal or harsh inland conditions).

The Northern Territory has developed a cost differential for public housing maintenance based on geographic location.

In other service areas, such as rental assistance, there may be no cost differences.

Municipal services

Municipal services includes expenditure related to ‘other water supply’ (GPC 0729), ‘other sanitation and protection of the environment’ (GPC 0739), and ‘other electricity’ (GPC 0929). Further work will need to be done on the extent to which the data for GPCs 0729, 0739 and 0929 capture expenditure by local governments.

Service use data

Two possible service use measures have been identified:

- *Proportion of Indigenous people in the population* — Estimated Resident Population (ERP) can be disaggregated to fairly low geographical levels without compromising quality.
- *Proportion of Indigenous households* — the ABS Census provides data on the number of Indigenous and non-Indigenous households.

Water, sewerage and electricity services for discrete Indigenous communities

The GPC provides expenditure on water, sewerage and electricity in discrete Indigenous communities under the categories of ‘aboriginal community water supply’ (GPC 0721), ‘aboriginal community sanitation services’ (GPC 0731), and ‘aboriginal community electricity services’ (GPC 0922).

Aboriginal communities in the GPC are defined as ‘Communities which have a predominantly Indigenous population and where tribal ways and traditional roles are maintained. They are usually remote from major service centres and include communities on Aboriginal land and within pastoral leases, reserves, town camps and transit camps’.

The GPC definition differs from ABS definitions of a discrete Indigenous community. For example, the following definition is from the *ABS Community Housing and Infrastructure Needs Survey (CHINS)*:

A discrete community is a geographic location, bounded by physical or cadastral (legal) boundaries, and inhabited or intended to be inhabited predominantly by Indigenous people, with housing or infrastructure that is either owned or managed on a community basis. This definition covers discrete communities in urban, rural and remote areas.

The definition of a ‘discrete Indigenous community’ will need to be agreed upon before applying service use measures to expenditure data.

Service use data

As water, sewerage and electricity services are used by and for the benefit of the entire community, in ‘mainstream’ communities, the appropriate service use measure would be the number of people in the community using these services. Expenditure on discrete Indigenous communities can be separately identified. It would be useful to also measure how many discrete Indigenous communities actually have these services provided and the quality of the services.

CHINS could be used to determine which communities have water, sewage and electricity services. It collects data on:

- current housing stock, dwelling management and selected income and expenditure arrangements of Indigenous organisations that provide housing to Aboriginal and Torres Strait Islander people
- details of housing and related infrastructure in discrete Indigenous communities such as water quality and supply, electricity supply, sewerage systems, drainage, rubbish collection and disposal
- details of facilities available such as transport, communication, education, sport and health services, in discrete Indigenous communities.

Data quality issues and data gaps

Results from the validation processes of CHINS data have indicated that aggregate data are considered to be fit to:

- evaluate the current condition and adequacy of the infrastructure and facilities in discrete Indigenous communities
- contribute toward estimates of the cost of upgrading and/or establishing housing and infrastructure in discrete Indigenous communities
- assist in the process of planning future development in Aboriginal and Torres Strait Islander communities.

CHINS can only provide information on the discrete Indigenous communities included in the survey. However, inability to obtain data from some IHO units means that caution should be used when analysing data.

CHINS also collects information about the number of people within a community and these counts could be used to apportion expenditure on a cost per Indigenous

person rate. However, at this fine level of detail some care is needed in determining the appropriate population number to use.

Cost differentials:

- There are no cost differentials between providing water, sewerage and electricity services to an Indigenous person compared with a non-Indigenous person in mainstream communities. The main cost differential will be for discrete Indigenous communities in remote areas, as it costs more to build and maintain infrastructure in remote areas.
- Information on infrastructure building and maintenance costs may be available from the various states grants commissions and infrastructure agencies.

B.6 Safe and supportive communities

The safe and supportive communities strategic area for action covers a range of services (table B.7) which can be broadly grouped as:

- *public order and safety* — services which provide the community with confidence in law and order and effective and efficient administration of justice or which reduce the level of risk of (or the adverse effects of) emergency events. This includes expenditure on ‘police services’ (GPC 0311), ‘criminal courts services’ (GPC+ 0321.1), ‘juvenile justice’ (GPC+ 0330.1), ‘corrective services’ (GPC+ 0330.2), and ‘fire protection services’ (GPC 0312).
- *community support and welfare* — services which provide support and protection for the most vulnerable in society. This includes expenditure on aged care services, which comprise ‘nursing homes for the aged’ (GPC 0530) and ‘welfare services for the aged’ (GPC 0622), ‘welfare services for people with a disability’ (GPC 0622) and ‘protection and support services’ (GPC 0621.2).
- *community development* — services and infrastructure which increase the cohesion of Indigenous communities. This includes expenditure on ‘aboriginal community development’ (GPC 0712), ‘other community development’ (GPC 0719), ‘aboriginal community amenities’ (GPC 0791) and ‘other community amenities’ (GPC 0799).
- *recreation and culture* — programs which provide recreational facilities or which protect or enhance culture and heritage. This includes expenditure on ‘national parks and wildlife’ (GPC 0811), ‘recreation facilities and services nec’ (GPC 0819), ‘cultural facilities and services’ (GPC 0820), ‘broadcasting and film production’ (GPC 0830), ‘recreation and culture nec’ (GPC 0890).

Table B.7 Expenditure area, related indicators and GPC+ classifications

Safe and supportive communities	<ul style="list-style-type: none"> • Drug and other substance use and harm • Repeat offending • Access to traditional lands • Juvenile diversions • Participation in organised sport, arts or community group activities • Alcohol consumption and harm 	<ol style="list-style-type: none"> 1. Public order and safety <ul style="list-style-type: none"> • Police services • Criminal courts services • Juvenile justice • Corrective services • Emergency management 2. Community support and welfare <ul style="list-style-type: none"> • Aged care services • Disability services • Protection and support services 3. Community development 4. Recreation and culture (see table A.6 for detail)
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Public order and safety

Governments provide police and justice services to ensure community safety, including community confidence in law and order and effective and efficient administration of justice. The safe and supportive communities strategic area for action focuses on the reduction of imprisonment, juvenile detention, and family and community violence, in order to build a safe and supportive community.

There are two potential approaches to the apportionment of police and justice expenditure between Indigenous and non-Indigenous people. To some extent, all people in a given location benefit equally from improved community safety, and it might be appropriate to compare expenditure on police and justice services on a per capita basis. However, it can be argued that the cost of services is more likely to be driven by particular threats to community safety. If Indigenous status were a disproportionate driver of police and justice costs (because of the over-representation of Indigenous people among offenders or victims), it might be appropriate to apportion expenditure according to actual ‘users’ of services (such as offenders, victims, or prisoners).

The Steering Committee is undertaking further work to investigate the drivers of justice costs, and the impact of the alternative apportionment methods on reported expenditure.

Emergency management services — such as fire protection services — are not directly covered by any of the WGIR strategic areas for action. However, these services play an important role in building a safe community, and have been included in this expenditure area.

Service use data

Police services

- *Population measure* — if the population method of apportionment is to be used, the ABS Estimated Resident Population can be disaggregated to fairly low geographical levels without compromising quality.
- *Offenders/victims measure* — two related measures could be used together to apportion expenditure in this area: Indigenous victims and Indigenous offenders.

The primary source of *victims data* is the ABS *Recorded Crime Victims*. This collection:

- is published annually (latest 2007)
- provides counts of victims who have been recorded in a calendar year for a narrow selected range of offence types/crimes (does not necessarily mean they were victims in that year – particular issue with lag in reporting for assault and sexual assault – this is where the ABS Crime and Safety survey is good)
- includes data sourced from police agencies and counts only reflect victims who have reported a crime to police and police have recorded this as a crime in their systems.

Data quality issues and data gaps

Quality of reporting of Indigenous status in data:

- The quality of the Indigenous identifier in this dataset is poor for many jurisdictions. Only New South Wales, Queensland and the Australian Capital Territory comply with the ABS standard Indigenous question and only experimental data have been published for these jurisdictions.
- In order for this data to be used, police agencies would need to improve their data collection methods, which would be likely to take some time.
- The ABS is currently developing an offenders collection that will contain an Indigenous identifier. However, the quality of the Indigenous identification information may take extra time to develop to a point where it is reliable to use.

Courts services

- *Population measure* — if the population method of apportionment is to be used, the Estimated Resident Population can be disaggregated to fairly low geographical levels without compromising quality.
- *Offenders measure* — the ABS produces a criminal courts collection that describes the number of finalised defendants and their characteristics that come

before the Higher, Magistrates and Children's courts. However, Indigenous identification is not available for this collection. This is because the courts rely on police agencies to collect this information and feed it into the court system if police continue with prosecution.

Corrective services:

- *Population measure* — if the population method of apportionment is to be used, the Estimated Resident Population can be disaggregated to fairly low geographical levels without compromising quality.
- *Offenders measure* — if an offender measure is to be used, the representation of Indigenous prisoners in the total prison population could be reported.

The primary source of *prisoner data* is the ABS *Prisoner Census*. This collection:

- is an annual prisoner census which provides a snapshot of prisoners at 30 June (latest data are 2007-08)
- collects information about the number of prisoners on census night and their associated demographics including Indigenous identification
- excludes people on community based orders (more than double prisoners in custody). However, a similar quarterly collection does collect information about persons on community based orders but the Indigenous identification is very poor for this component.

Information on community based orders is available from the ABS Community Based Corrections (CBC) collection.

Data quality issues and data gaps

Quality of reporting of Indigenous status in data:

- Unlike the quarterly collection, the annual prisoner census data is thought to be fairly reliable. However, if these data are to be used, it is recommended that work be conducted to assess the dataset to confirm its reliability.

Availability of geographic data:

- At present, the corrective services collection is reported at a State level. Smaller geographic area reporting may be possible, as information is provided to the ABS from administrative records held by corrective services agencies within each State and Territory. However, issues arise as to the basis of small area reporting — location of prison facility, location of offender's usual place of residence, location of the offence?

Emergency management

Emergency management services are provided to all the people living in the community which they service. An appropriate apportionment would be on the basis of the estimated resident population in an area, which is available to sub-state geographical areas.

Cost differentials

Whether cost differential data are required will depend on the choice of service use measure:

- *population measure* — it is unknown if there are cost differentials in delivering police and justice services to an Indigenous community rather than to a non-Indigenous community. There could be geographical cost differentials but there might or might not be other factors, such as a higher crime rate that may also need to be taken into account.
- *offender/victim/prisoner measure* — an over-representation of Indigenous people using police and justice services could result in significant cost differences in delivering services to Indigenous people. In the case of prisoners, for example, there are special practices in place to deal with Indigenous prisoners (implemented following the Aboriginal deaths in custody royal commission) which would be likely to impose additional costs.

The NT *Indigenous Expenditure Review* has reported cost differentials in delivering police and justice services to Indigenous people based on Indigenous identification and remoteness.

A considerable amount of work is currently under way to improve the data quality across all reporting in this area.

Community support and welfare

Community support and welfare covers expenditure on aged care, services for people with a disability, and protection and support services. It does not include transfer payments, which are included under the economic participation strategic area.

Aged care services

Aged care comprises all services specifically designed to meet the care and support needs of frail older Australians. Services covered include government funded

residential and community care for older people and services designed for the carers of older people. The services covered include:

- *residential services* — which provide high care, low care and residential respite care
- *community care services* — which include Home and Community Care program services, Community Aged Care Packages, the Extended Aged Care at Home program, the EACH Dementia program, the Transition Care program and Department of Veterans' Affairs Veterans' Home Care and Community Nursing programs
- *respite services* — which include Home and Community Care (HACC) respite and centre-based day care and the National Respite for Carers Program
- *assessment services* — which are largely provided by the Aged Care Assessment Program.

Expenditure on these services relates to the GPC categories of welfare services for the aged (GPC 0622) and nursing homes for the aged (GPC 0530).¹ Possible data sources for service use measures are reported in table B.8.

Table B.8 Summary of aged care programs

	<i>Service use</i>	<i>Indigenous reporting^a</i>	<i>Cost differential^b</i>
Residential aged care services	Administrative by-product data from the System for the Payment of Aged Residential Care (SPARC). The socio-demographic information that feeds into the RACS data collection is derived from the aged care application and approval form completed by an authorised Aged Care Assessment Team (ACAT) officer and entered into the Aged and Community Care Management Information System (ACCMIS). Available by state and territory, and by ASGC.	Responses to the Indigenous status question on the ACAT form is on the basis of informed client consent. In 2004–05, the quality of the data is very high at with 2.1% 'missing/not stated' responses on average. Qld is the only state with 11.3% 'missing/not stated' responses.	Can be estimated using data from the ACCMIS database

Continued next page.

¹ It is not clear whether concessions for aged persons (transport and material assistance, etc.) are included under GPC 0622. Although the definition suggests they are, analysis by AIHW found that these items have not been included. If concession expenditure is to be included in the Indigenous expenditure framework, the working group may have to collect the data themselves.

Table B.8 (Continued)

	<i>Service use</i>	<i>Indigenous reporting^a</i>	<i>Cost differential^b</i>
Home and community care	<p>The HACC minimum data set (MDS) version 2 includes information on individual clients. Services providers collect data on a quarterly basis.</p> <p>Not every funded-service provider reports the HACC MDS.</p> <p>The HACC database has two client locality fields: suburb/town/locality name, and postcode.</p>	<p>The collection of HACC MDS information is on the basis of informed client consent.</p> <p>There are linkages with other databases to validate Indigenous status data. Analysis using linkage of records showed that Indigenous status was reported consistently for 74% of the linkage keys.</p> <p>In 2004, the Indigenous reporting quality ranged from 3.9% 'missing/not stated' responses in NT to 20.6% 'missing/not stated' responses in Qld.</p>	Checking with DoHA (HACC outcome area)
Community Aged Care Package	<p>Client information is collected on the ACAT form and entered into the ACCMIS database.</p> <p>Data are available by state and territory and by ASGC.</p>	<p>Responses to the Indigenous status question on the ACAT form is on the basis of informed client consent.</p> <p>From the 2005 database, missing/not stated was 0.7% on average.</p>	Checking with DoHA
Extended Aged Care at Home	<p>Client information is collected on the ACAT form and entered into the ACCMIS database.</p> <p>Data are available by state and territory and by ASGC.</p>	<p>Responses to the Indigenous status question on the ACAT form is on the basis of informed client consent.</p> <p>Proportion of missing/not stated status is not available.</p>	Checking with DoHA
National Aboriginal and Torres Strait Islander Flexible Aged Care	DoHA available by State and Territory.	100% for Indigenous people	
Transition care	<p>Client information is collected on the ACAT form and entered into the ACCMIS database.</p> <p>Data are available by state and territory and by ASGC</p>	Responses to the Indigenous status question on the ACAT form is on the basis of informed client consent.	Checking with DoHA
Veterans' home care	na	na	

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Table B.8 (Continued)

	<i>Service use</i>	<i>Indigenous reporting^a</i>	<i>Cost differential^b</i>
Aged care assessment	Available by state and territory	Responses to the Indigenous status question on the ACAT form is on the basis of informed client consent.	Cost differential data are not collected

^a Quality of data is measured according to percentage of missing/not stated responses. The guidelines for the quality of the data are: 'very high quality' (less than 5 per cent), 'good quality' (5 to 9.99 per cent), 'average quality' (10 to 19.99 per cent) and 'poor quality' (20 per cent and above). ^b Cost differential information could be available from other sources.

Services for people with a disability

Disability support services are primarily delivered under the National Disability Agreement (NDA), as well as through programs such as HACC and Commonwealth Rehabilitation Services (CRS) Australia. Expenditure on services is classified in the GPC as welfare services for people with a disability (GPC 0623).²

The AIHW maintains a National Minimum Data Set of data from service providers funded under the CSTDA. Data are available by Indigenous status, postcode for service users and service outlets. The quality of Indigenous identification varies across programs and across jurisdictions (table B.9).

Table B.9 The quality of Indigenous reporting in the 2004–05 CSTDA collection

<i>Data</i>	<i>Indigenous reporting quality^a</i>	<i>Cost differential^b</i>
Users of CSTDA-funded services	The proportion of missing/not stated and not collected was 21.2% on average and ranged from 1.7% Qld to 45.6% in Vic.	Not available.
Accommodation support	Missing/not stated/not collected was 12.9%	Not available.
Community support	Missing/not stated/not collected was 29.5%	Not available.
Community access	Missing/not stated/not collected was 17.1%	Not available.
Respite	Missing/not stated/not collected was 17.5%	Not available.
Employment	Missing/not stated/not collected was 4.1%	Not available.

^a Quality of data is measured according to percentage of missing/not stated responses. The guidelines for the quality of the data are: 'very high quality' (less than 5 per cent), 'good quality' (5 to 9.99 per cent), 'average quality' (10 to 19.99 per cent) and 'poor quality' (20 per cent and above). ^b Cost differential information could be available from other sources.

² It is not clear whether concessions for people with a disability (transport and material assistance, etc.) are included under GPC 0623. Although the definition suggests they are, analysis by AIHW found that these items have not been included. If concession expenditure is to be included in the Indigenous expenditure framework, the working group may have to collect the data themselves.

Protection and support services

Protection and support services aim to assist individuals and families who are in crisis or experiencing difficulties that hinder personal or family functioning. These services assist by alleviating the difficulties and reducing the potential for their recurrence. Services include:

- *child protection services* — the functions of government that receive and assess allegations of child abuse and neglect, and/or harm to children and young people, provide and refer clients to family support and other relevant services, and intervene to protect children
- *out-of-home care services* — care for children placed away from their parents for protective or other family welfare reasons
- *juvenile justice services* — services that aim to promote community safety and reduce youth offending by assisting young people to address their offending behaviour
- *supported accommodation and assistance services* — services to assist young people, adults and families who are homeless or at imminent risk of becoming homeless.

The Supported Accommodation Assistance Program (SAAP) and Crisis Accommodation (CA) for youth are included in family and child welfare services (GPC 0621), while SAAP and CA services for other clients are reported in GPC 0629.

The quality of Indigenous identification varies across programs and across jurisdictions (Table B.10).

Community development

Community development services include programs designed to increase community cohesion, and may include ‘mainstream’ community development and specific programs for Aboriginal communities.

Broadly defined, community development may extend to the administration, provision, support, and operation of:

Design, installation, operation, maintenance, upgrading and other aspects of street lighting, such as developing and monitoring street lighting standards; public conveniences; pedestrian shopping malls; drinking fountains; bus shelters; and, cemeteries and crematoria. (ABS Cat No. 5514.0)

This category of services has close connections with the ‘home environment’ strategic area of action. It is currently being developed as a discrete set of services that can be relocated after further consideration.

Table B.10 Summary of protection and support service programs

	<i>Service use</i>	<i>Indigenous reporting^a</i>	<i>Cost differential^b</i>
Child protection services — Investigations	AIHW <i>National Child Protection</i> (NCP) data collection. Data available by state and territory.	In the 2004–05 database, the not known/missing/not stated Indigenous status was 9.7% on average, ranging from 0.3% in Vic to 75.6% in Tas.	Not available.
Child protection services — substantiations	AIHW <i>National Child Protection</i> (NCP) data collection. Data available by state and territory.	In the 2004–05 database, the not known/missing/not stated Indigenous status was 7.2% on average, ranging from 0% in Vic to 68.8% in Tas.	Not available.
Child protection services — Children on care and protection orders	AIHW <i>National Child Protection</i> (NCP) data collection. Data available by state and territory.	In the 2005 database, the not known/missing/not stated Indigenous status was 1.2% on average, ranging from 0% in Vic and Qld to 17.2% in ACT.	Not available.
Child protection services — Out-of-home care services	AIHW <i>National Child Protection</i> (NCP) data collection. Data available by state and territory.	In the 2005 database, the not known/missing/not stated Indigenous status was 0.9% on average, ranging from 0% in SA and Qld to 17.5% in ACT.	Not available.
Juvenile justice	Some data is available from the <i>Juvenile justice National Minimum Data Set</i>	More work will be required to assess the quality of these data.	Not known.
Supported accommodation and assistance services	SAAP support period— <i>AIHW SAAP National Data Collection</i> . Data available by state and territory and by geographical location.	In the 2004–05 collection, the missing/not state/consent not provided averaged 12.7%, ranging from 4.4% in NT to 21.6% in Tas.	Not available.

^a Quality of data is measured according to percentage of missing/not stated responses. The guidelines for the quality of the data are: ‘very high quality’ (less than 5 per cent), ‘good quality’ (5 to 9.99 per cent), ‘average quality’ (10 to 19.99 per cent) and ‘poor quality’ (20 per cent and above). ^b Cost differential information could be available from other sources.

Service use data

Programs designed to increase community cohesion benefit the entire community. As such, appropriate use measures could reflect the Indigenous proportion of the population in the particular area.

- *Population measure* — the Estimated Resident Population can be disaggregated to fairly low geographical levels without compromising quality.

Cost differential measures

There are no known cost differentials between community development services to an Indigenous person compared with a non-Indigenous person in mainstream communities. Expenditure on discrete Indigenous communities can be separately identified. Community location may drive some difference in costs as it costs more to build and maintain infrastructure in remote areas. It would be useful to also measure how many discrete Indigenous communities actually have these services provided and the quality of the services.

Recreation and culture

Definition

The participation in organised sports, recreation and arts or community group activities falls across both the ‘healthy lives’ and ‘safe and supportive communities’ strategic areas. Recreation and culture also includes GPC expenditure classifications of ‘national parks and wildlife’ (GPC 0811), ‘recreation facilities and services nec’ (GPC 0819), ‘cultural facilities and services’ (GPC 0820), ‘broadcasting and film production’ (GPC 0830), and ‘recreation and culture nec’ (GPC 0890).

Service use data

To measure sport, recreation and arts program service use, data on participation in each relevant area will be needed. Participation in this case means actually playing, or participating in activities and does not include spectating, coaching and organising.

The primary source of service use measures for sport and recreation is the Australian Sports Commission *Exercise, Recreation and Sport Survey* (ERASS). There is currently no useful data on Indigenous participation in arts programs.

The ERASS collection:

- is a joint initiative of the Australian Sports Commission and the State and Territory government agencies responsible for sport and recreation
- is conducted and published annually, latest results are for 2007
- provides data on Indigenous and non-Indigenous recent and regular participation in both organised and unorganised physical activity (physical activity is activity for exercise, recreation and sport).

Quality of Indigenous reporting measures:

- At present, there are no publically available quality statements about the data. It is recommended that work be conducted to assess the dataset.

Availability of geographic data:

- At state level the data quality is low and would not support any further disaggregation.

Data gaps and interim/alternative data (physical activities):

- The data include both unorganised and organised physical activity. This is similar but not the same as use of government funded sport and recreation programs. The data may be able to be split to only include organised physical activities in the future but it is likely that the data would be unreliable, particularly at the State level.
- The survey only covers participation in physical activities for recreation and there may be other recreational programs that do not involve the same sort of physical activity but should be included in service use. However, there is very little other data that could be used for this area. This survey may be the best data source to create an estimate of service use.

Data gaps and interim/alternative data (arts programs)

- At present, there is very little useful data on Indigenous participation in arts programs in particular.
- The *National Aboriginal and Torres Strait Islander Social Survey* (NATSISS) asks questions about attendance at cultural events and participation in/payment for cultural activities in the previous 12 months. It is possible that these could be used as a basis for creating an estimate of service use while other data collections are being developed.

Cost differentials

Due to the lack of data on Indigenous participation in sport, recreation and arts programs, it will be difficult to establish any cost differentials in delivering these programs.

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