

# FACS short- changed \$500m

## NT Govt diverts funds

By ALYSSA BETTS

THE Territory Government has short-changed child protection in Commonwealth funding by more than half a billion dollars over five years, an inquiry heard yesterday.

Figures show the NT Government received more than \$809 million in Commonwealth funds to spend on family and child services between 2003-04 and 2007-08.

But it only spent about \$242m — or less than 30 per cent of the total funds.

By contrast the Government spent more than double the Commonwealth funds it received for culture and recreation in the same period — receiving about \$206m and spending \$476m.

The figures, taken from the Commonwealth Grants Commission website, were given in the NT Council of Social Service's (NTCOSS) submission to the NT child protection inquiry yesterday.

NTCOSS board member Barry Hansen said the underspending was the reason for the mess that child protection was now in.

"I think it's very dramatic and very clear that the underlying cause ... for the disaster that we face in Families and Children Services is from the underspending of money that's been provided by the Commonwealth," Mr Hansen said.

**'The underlying cause ... for the disaster that we face ... is from the underspending of money that's been provided by the Commonwealth'**

NTCOSS executive director Wendy Morton told the inquiry that the child protection system was broken, and could not be patched.

Other than chronic underfunding, she cited poor staff training and huge turnover rates, a focus on intervening at the problem stage rather than earlier on, and the department's culture of not sharing information or working with other organisations that could help.

She said a totally new system should be set up that gave a bigger role to non-government organisations, particularly in family support services and early intervention areas.

She said it was difficult for department staff to carry out those support roles while also having the power to remove children.

Ms Morton said that meant it couldn't be a "positive, trusting relationship" between families and the department.



# \$2bn diverted from aid for Aboriginal families

LEX HALL

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THE Northern Territory Labor government has for the past five years diverted \$2 billion earmarked for indigenous disadvantage and other key services to mainstream spending in marginal Darwin seats.

Detailed figures obtained by *The Weekend Australian* reveal that hundreds of millions of tax-

payers' dollars provided by the commonwealth and intended for indigenous health, homelessness, delivery of services and families have been used to service debt and bolster superannuation payments.

The figures come as the Territory government continues to defend its handling of the \$672 million Strategic Indigenous Housing and Infrastructure Project, which has so far failed to re-

sult in one new house being built, despite \$45m being spent in the first 15 months of the project.

The new figures, revealed in 2009 Commonwealth Grants Commission papers and raised this week by conservative indigenous politician Adam Giles, show the Territory government has consistently failed to spend its allocation of GST money from Canberra as intended. The report on assessed rev-

enues and expenditure shows the Territory government has under-spent by \$2.19bn on key social services over the past five years: in 2003-04, by \$275m; in 2004-05 by \$319m; in 2005-06 by \$448m; in 2006-07 by \$507m; and in 2007-08 by \$625m.

In services to indigenous communities alone, the Territory government has on average under-spent by 54 per cent. In 2007-08, the commission as-

essed the amount needing to be spent on services to indigenous communities as \$253.4m, but the CGC report found the Territory spent only \$139m.

In the same period, the Territory spent just \$71m in the critical areas of families and community services, less than a third of the recommended spending of \$216m. For homelessness, the government had \$66.7m available but

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# THE AUSTRALIAN

THE HEART OF THE NATION

## Cynical politics of the worst kind in the NT

*The needs of indigenous people are being shortchanged*

30-11-09 p17

IF federal governments could sack state or territory governments the way that states are able to sack corrupt or non-performing local councils, the Rudd government would have a watertight case to dismiss the incompetent, mean-minded Northern Territory Labor government. Figures published by *The Weekend Australian* show it has shortchanged the pressing needs of indigenous Territorians and other key services by \$2 billion over the past five years, diverting money earmarked for them to other projects. The money has been used to prop up marginal seats in Darwin's north, for public servants' superannuation and for servicing debt.

The figures, revealed in 2009 Commonwealth Grants Commission papers and raised by conservative NT indigenous politician Adam Giles, show the Territory government has consistently failed to spend its allocation of GST money from Canberra as intended. The shameful picture has emerged as the Territory government continues to defend the debacle of the \$672 million Strategic Indigenous Housing and Infrastructure Project, which has so far failed to build one new house, despite \$45m being spent in the first 15 months.

The failures reflect gross fiscal and administrative incompetence and an apparently callous disregard for the 30 per cent of the NT population who are Aboriginal. Traditionally they have been among the Labor Party's most loyal supporters — until now. Judging by the views of Central Land Council chief executive David Ross, who says the underspending amounts to criminal neglect, Aborigines' patience with Paul Henderson's government has worn thin.

Given the Third World living conditions of many indigenous people, life expectancies far below the rest of the nation, and poor health, education and employment outcomes, it beggars belief that a government would deprive its poorest people of vital services funded by taxpayers and allocated by Canberra. Mr Ross claims the blatant misuse of commonwealth funds stretches back more than three decades, and that both political parties in the Territory should plead guilty.

Committed as they are to the use of metrics in improving service delivery to indigenous Australians, Kevin Rudd and Jenny Macklin should be as heavy-handed as necessary to ensure that funds provided are spent as allocated. The Rudd government was on the right track in September, when it gave the NT an ultimatum about the Strategic Indigenous Housing and Infrastructure Program, designed to deliver 750 new houses by 2013. If its stewardship is not improved, the program will come under federal control.

The Grants Commission figures reveal extensive potential for the federal government to take over other programs, with corresponding cuts to the NT government for other purposes. In 2007-08, the Territory spent just \$71m on families and community services, less than a third of the recommended \$216m. Only a quarter of the funds earmarked for homelessness were actually spent. Behind the statistics are the blighted lives of our poorest adults and children. It's an appalling way for any government to treat its most disadvantaged people. If the NT can't do better, the Rudd government has no choice but to move in.



# Push to lock NT in on funding

June 4, 2012

The Australian

Monday

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NATASHA ROBINSON

PRESSURE is increasing on the federal government to stem the tide of billions of dollars in untied commonwealth funding to the Northern Territory as remote communities wallow in endemic poverty and chronic neglect.

The states are calling for Aboriginal services to be provided exclusive of the funding formula that redistributes billions in GST revenue to the states.

If the push is successful it would strip the NT of an enormous swath of its income.

The Territory gets 60 per cent of the redistributed revenue — equal to almost \$3 billion for the coming financial year — to ad-

dress the disadvantage suffered by its indigenous citizens.

More than 80 per cent of the NT's income comes from commonwealth payments.

A former senior commonwealth bureaucrat told *The Australian* that there had long been concern at the highest levels of federal and state governments that the Territory was redirecting its nominal indigenous funds to politically important electorates in Darwin.

Commonwealth Grants Commission figures show that for welfare and housing services the NT was allocated \$432 million in 2010-11 but spent only \$275m.

These grants are untied, so the NT is free to spend it in areas that do not benefit indigenous people. A draft review of GST redistribution by former premiers Nick Greiner and John Brumby, and

former Ernst & Young partner Bruce Carter, rejected removing indigenous funds from the formula.

But the big states have renewed their call for a shift to per-capita funding. Queensland said indigenous funds would be better addressed through payments for specific purposes.

"The interim GST report notes that data suggests that NT spending on indigenous people relative to non-indigenous people is comparable to other states," the state's Treasurer, Tim Nicholls, said. "What this seems to imply is that the NT is not spending any more on indigenous issues relative to the same spend in other states," he said.

"So adjusting GST for indigeneity is something that ought to be considered in the review process." NSW Treasurer Mike Baird said funding indigenous services

directly would be a better-targeted and more transparent way.

Victoria urged Canberra to use "separate, outcomes-focused funding to tackle significant national policy challenges such as entrenched indigenous disadvantage".

And Western Australia — responsible for the largest slice of GST income — has called for the entire NT budget to be managed by the commonwealth.

WA Treasurer Christian Porter said the removal of indigenous funds from the the GST redistribution would not be enough.

"Direct commonwealth funding of the NT was the situation before the advent of the GST and, unless it is resumed, the NT, because of its unique features, will continue to have a distorting effect in the equalisation process," he said.

But the NT rejected as false the view that it underspends on indigenous services and referred to a report by economist Saul Eslake that found in 2008-10 it spent 54 per cent of its total general expenditure on indigenous people, who comprise 30 per cent of the population.

Treasurer Delia Laurie said that removing indigenous influences from the GST redistribution would not result in improved outcomes or address disadvantage.

The federal government also pointed to the draft review's support for retaining indigeneity as part of the equalisation process.

A spokesman for Treasurer Wayne Swan said the government was awaiting the review board's final report.

South Australia, which is supported heavily by the redistribution process, was the only

state that wanted to retain the status quo.

A spokesman for Treasurer Jack Snelling said: "What the NT does is a matter for them, and we don't believe indigeneity should be removed from the horizontal fiscal equalisation process."

Economist Henry Ergas said the horizontal fiscal equalisation process set the NT up as a "rentier state".

"The NT is in the position of countries which receive large amounts of foreign aid," Professor Ergas said.

"The pressures to use (money) wisely are very weak. A very high share of that funding is absorbed by — indeed captured by — local administrative and political elites."

"And that is exactly the process at work in the NT and accounts for the relatively poor governance of the NT."



The Aust. 7 June 2012 p 10

# Feds 'should control' services in remote areas

NATASHA ROBINSON

A COMPLETE federal takeover of indigenous services must be seriously considered to address spiralling levels of disadvantage in remote communities.

Former president of the NT Council of Social Service Barry Hansen has renewed his call for commonwealth grants to the Northern Territory to be tied to specific service provision, in the wake of continuing allegations that the NT is failing to spend its full GST allocations earmarked for indigenous services.

Mr Hansen, an accountant and close observer of Aboriginal affairs, said the NT government had underpenned its GST allocation for welfare and housing in 2010-11 by \$360 million.

"These figures clearly indicate that the NT government is not prepared to provide adequate services to its most disadvantaged citizens, both black and white," Mr Hansen said.

"Therefore I support a minimum measure that all grants intended to relieve disadvantage be tied, and that administrative costs be strictly limited.

"Because I am not convinced that even this will prevent selective allocation of services, a complete takeover by the commonwealth of indigenous and other programs to relieve disadvantage should be seriously considered."

The *Australian* revealed this week that all states aside from South Australia supported the concept of providing tied grants for indigenous-specific services. Queensland called for the NT to be entirely funded by the commonwealth.

An interim report of a panel examination of the redistribution of GST funding to the states has not supported a push from several states to remove indigeneity from the horizontal fiscal equalisation process which determines how GST funds are reallocated.

The NT is staunchly opposed to any change to the GST redistribution formula, which it argues would produce greater complexity and a segregation of services along race lines.

"This would be totally inappropriate, would not recognise indigenous Australians' rights to equitable service delivery and would result in service inefficiencies," NT Treasurer Della Lawrie said.

# Aboriginal 'dynasties' denying the needy

SARAH MARTIN

ABORIGINAL grant money is being denied to communities by family-run dynasties, the director of the National Congress of First People has claimed.

Brian Butler, who used to represent South Australia on the Aboriginal and Torres Strait Islander Commission, said he was concerned that funding for Aboriginal groups was often unchecked, leaving it ripe for misappropriation.

His comments come after *The Australian* last month revealed the federal government had approved more than \$5.5 billion worth of grants in the past three years, predominantly for indigenous groups.

"It is one of the major issues right around Australia," he said.

"Generally throughout the nation there have been groups that have denied people housing, they have denied people access to funding and even when it comes to employment within an organisation, they restrict people because they feel it will undermine the comfortable set-up that they have got."

Mr Butler said since the abolition of ATSIIC there was no

national body auditing indigenous grant money.

"We have not got a proper auditing system whereby governments can say, you are not running these programs in accordance with the aspirations of the community."

"They do not do that, they just keep pouring money into it and allow the corruption to keep going."

"We need a system like the anti-fraud unit within ATSIIC to monitor all the grants and misuse of funds going on all around Australia."

An analysis by *The Australian* last month found that the Department of Families, Housing, Community Services and Indigenous Affairs approved more than 29,000 grants worth more than \$5.5bn in the past three years, with 64 per cent worth less than \$5000.

An audit report prepared by the department revealed that 11 per cent of its grants, amounting to almost \$120m a year, went to organisations rated with a risk rating of "extreme".

The department has said it applied "stringent" accountability and acquittals processes to grants provided for both indigenous and non-indigenous programs.



# \$2bn diverted from Aborigines

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Social Services, Barry Hansen, has spent only \$17m, almost a quarter. Conversely, the figures show that the NT government was overspending on superannuation, debt, and culture and recreation.

In 2007-08, the commonwealth assessed the Territory's superannuation costs at \$256m but the Territory government spent \$358m, a jump of 40 per cent.

The CGC found \$13.7m had to be spent on debt. Instead, the Territory government spent \$103.4m — almost eight times the assessed amount.

The amount overspent on culture and recreation was \$39m. Mr Giles, the Country Liberals' indigenous policy spokesman, used parliamentary sittings in Alice Springs this week to call the government to account.

"Where did the money go?" Mr Giles said. "It went to pay back excessive debt of \$90m. It went to pay back \$358m of superannuation in one year.

"What sort of a government can spend \$358m on superannuation of its 17,000 public servants, but only spend \$98m on roads and \$1m on transporting rural school children to school?"

Mr Giles accused the government of overspending on urban infrastructure projects in Darwin's northern suburbs to win voter support.

"They're spending money on park barrelling rather than delivering services to rural and remote areas," he said.

A former president of the Social Services, Barry Hansen, has looked at the pattern of underspending since 2001.

Mr Hansen said underspending in child protection and other crucial social welfare areas needed to be remedied.

"One thing that needs to be looked at is whether the tragic death of a child in foster care in 2007 was a consequence of under-resourcing of child protection services," Mr Hansen said.

He also cited corrective services and roads as areas overlooked by the government.

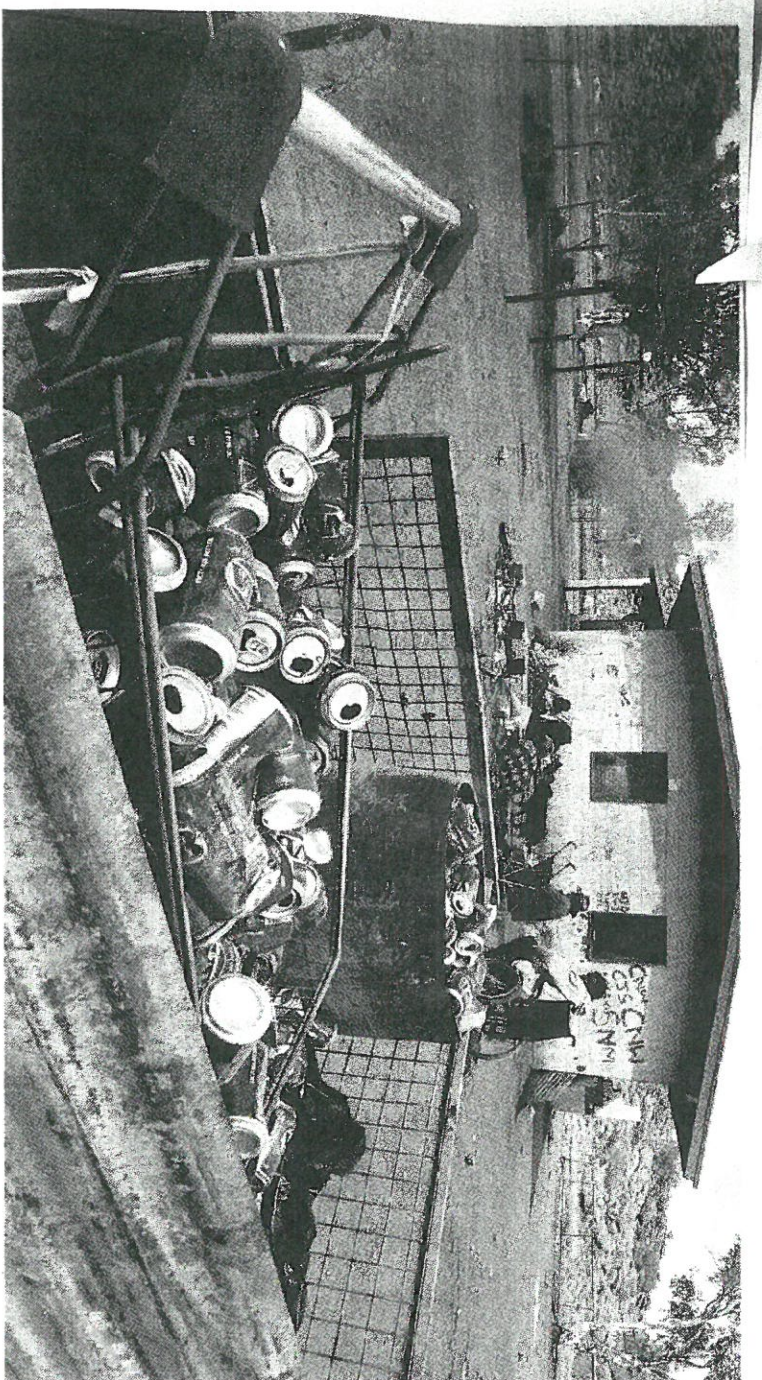
Former indigenous policy minister Alison Anderson said it was a "national disgrace" that the Territory government was still underspending on indigenous disadvantage two years after Kevin Rudd's apology to the Stolen Generations. Ms Anderson, independent member for the central Australian seat of MacDonnell, said that, unless the grants were tied, the Territory government "will never ever close the gap on indigenous disadvantage".

Housing Minister Rob Knight said the CGC report data had been misinterpreted and was "two years out of date".

"Under this reporting method used by the CGC, while the Territory's actual expenditure is less than its assessed amount, it is sometimes misinterpreted as underspending on this category of service delivery," Mr Knight said.

"That is simply incorrect."

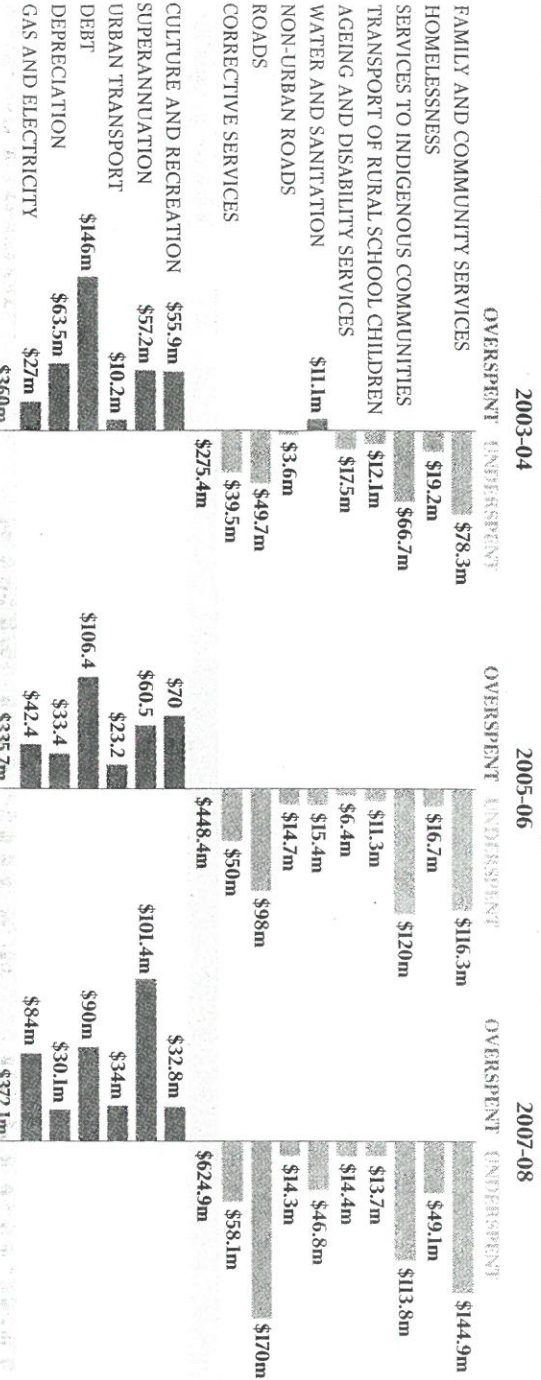
A spokeswoman for Treasurer Delta Lawrie said a review last year found 53 per cent of payments



RENÉE NOWWARGER

## Residents of Hoppy's Camp in Alice Springs

### How the NT has ignored commonwealth recommendations on the spending of GST funds, to benefit marginal Darwin seats





# Territory guilty of 'criminal neglect'

The diverting of \$2bn from aid to Aboriginal families is a 'dark stain' on the Territory, says a powerful land council leader

LEX HALL  
20/1/09

ONE of Australia's most powerful Aboriginal land councils says the Northern Territory Labor government's underfunding on services to indigenous people amounts to criminal neglect.

Central Land Council chief executive David Ross said the CLC

had been calling for tied indigenous funding to the Territory for the past 15 years.

"Eighteen months ago we called for a royal commission into the entire situation," Mr Ross said. "What we got was a Senate committee which decided that the status quo was quite acceptable.

"The blatant misuse of commonwealth funds is now entering its fourth decade and both political parties in the Territory practise it to perpetuate their own electoral survival in the seats of Darwin.

"It is a dark and enduring stain in Territory political life, which has tragic human consequences for Aboriginal people and amounts to criminal neglect."

## \$2bn diverted from aid for Aborigines, welfare

By Lex Hall, Northern Territory Editor  
The Northern Territory Labor government has diverted \$2 billion from aid for Aborigines and welfare to other areas, says a powerful land council leader.

How The Weekend Australian broke the story on Saturday

Mr Ross's comment came after The Weekend Australian revealed the Territory government had for the past five years diverted \$2.17 billion of GST revenue that the Commonwealth Grants Commission had earmarked for indigenous disadvantage and other key services to mainstream spending in marginal Darwin seats.

In services to indigenous communities alone, the Territory has on average underspent by 54 per

cent, according to figures contained in 2009 Commonwealth Grants Commission papers. The figures show that the Territory has been overspending on superannuation, debt, and culture and recreation.

Opposition indigenous affairs spokesman Adam Giles, who raised the figures in parliament last week, has accused the government of overspending on urban infrastructure in Darwin's northern

suburbs to win voter support. The government has defended its record on indigenous spending, with a Senate inquiry last year finding "no evidence" of underspending in the area.

Independent Gerry Wood, who holds the balance of power, said yesterday he was unsure whether the CGC figures gave a full picture of the Territory government's spending.

"On the surface, it's interesting that there's no mention of health, law and order, and education," Mr Wood said.

"They're probably the three most important areas for closing the gap."

He said the cross-party Council

of Territory Co-operation would look at the CGC data in more detail.

"If the Territory government hasn't been spending money in the right areas then you need the commonwealth Auditor-General to investigate those programs to check to see if the money has been spent," he said.

Australian Medical Association Territory branch president Paul Bauert echoed the calls for greater scrutiny of GST revenue spending. "Australians should be upset about this," Dr Bauert said.

"It's just an example of the institutionalised racism."

EDITORIAL P17

## \$2bn diverted from Aborigines

Continued from Page 1

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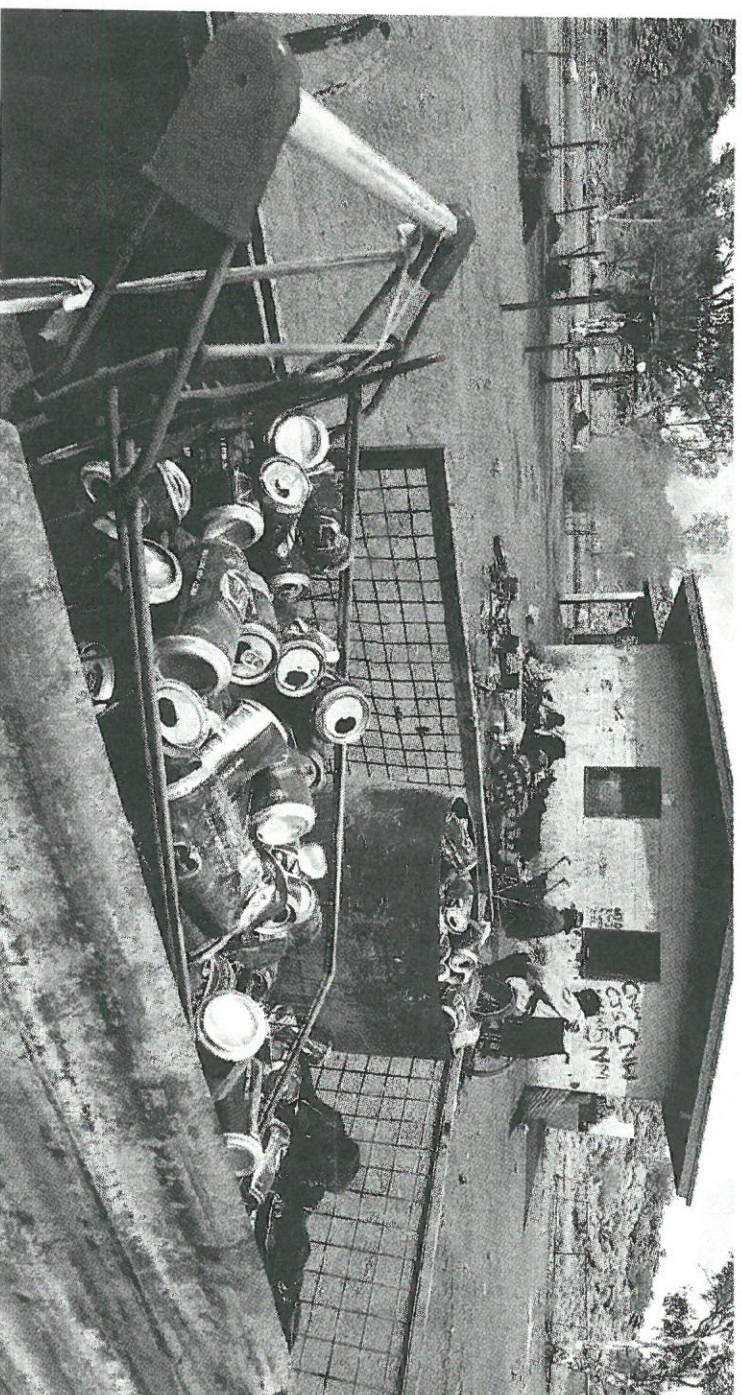
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He also cited corrective services and roads as areas overlooked by the government.

Former indigenous policy minister Alison Anderson said it was a "national disgrace" that the Territory government was







## Letters

Once more they are crying poor, while not far from One Mile Dam the NT Government has spent many millions on the wharf precinct, including a wave pool and convention centre. Surely the cash for that luxury development came from Commonwealth funds?

Meanwhile at One Mile Dam, power has been cut to two substandard buildings, better described as "chicken coops", arousing suspicions in the community that Dave Tollner's outburst may lead to having them evicted and the land reclaimed.

Let's not forget that it was the Everingham government which granted the land to Aboriginal people at One Mile Dam in 1979 to provide a secure future for the residents and guardians of a registered site.

Instead of criticism, Dave Tollner should be praising the One Mile Dam president, David Timber, for opening his community as a refuge for the homeless, and thereby fulfilling a need, despite the community's meagre resources.

**Bill Day, Rapid Creek**

### **GOVERNMENT IS CRYING POOR AGAIN**

CONGRATULATIONS to Alison Bevege for the excellent analysis of federal grants and subsidies to the NT (*NT News*, May 12).

We are informed the NT receives five and a half times the national average of GST grants based upon our indigenous population who are treated as a "liability" for extra "disability" spending.

But in response to Dave Tollner, Chris Burns, the government business leader, claimed that the atrocious living conditions in the One Mile Dam Aboriginal community were a Commonwealth government responsibility that would take a large amount of money to rectify.