Levels and patterns of government expenditures
In line with our terms of reference this chapter provides estimates of expenditures on service delivery in Queensland’s remote and discrete communities—these estimates include the total quantum of expenditures, including indirect costs, such as head office expenditures. Case studies are presented for two discrete communities to examine expenditures in more detail.

Key points

- Estimating government expenditures in remote and discrete Aboriginal and Torres Strait Islander communities is challenging—currently available data does not provide a complete or robust picture of total spending at the community level.

- The Australian Productivity Commission estimates that all government expenditures on Indigenous Queenslanders in 2012-13 was $7.6 billion—equivalent to 7.3 per cent of all service expenditures in Queensland. Of this, the Australian Government spent $3.6 billion and the Queensland Government $4.0 billion. Sixteen per cent of expenditures were on Indigenous-specific services.

- To estimate the level of Queensland Government investment in communities, the Commission has drawn on a range of data sources to construct experimental estimates supported by case study information for two communities.

- In 2012–13, we estimate the Queensland Government spent $1.3 billion (or $32,000 per person) on service delivery in remote and discrete communities. The majority (84 per cent) of expenditures are on mainstream services including schools, health care and policing. The Australian Government also made significant investments in Queensland’s remote and discrete communities, however, the Commission was unable to estimate the level of these expenditures.

- Key drivers of expenditure include higher service use intensity and higher costs associated with providing services in remote communities.

- The expenditure estimates do not provide any assessment of the overall efficiency, effectiveness or adequacy of expenditures in remote and discrete communities. However, our estimates suggest that there are significant benefits to be realised from addressing the underlying causes of high service use—these potential benefits are greater than $600 million per year.

- Expenditures in Queensland’s remote and discrete communities are broadly in line with expenditures made in other jurisdictions, and similar proportions are spent on mainstream and indigenous-specific services.

- There are large numbers of individual services being provided into communities with small populations—for example, in Hope Vale (with a population of just over 1000 people) there at least 78 services provided by 46 separate service providers, with funding provided through 44 separate funding programs across 11 Queensland Government departments.

- Stakeholders indicated that a lack of public information, combined with the dispersed nature of service delivery has resulted in duplication of services and a lack of engagement with communities—a prerequisite to improve service delivery is for government to improve its collection and dissemination of expenditure information to enable better decision-making.
3.1 Background

There is limited data on expenditures in remote and discrete communities

A key step in assessing how well service delivery is performing is to understand how much is being spent, by who and how.

However, there is little information available in the public realm that describes the levels of expenditures made in remote and discrete Aboriginal and Torres Strait Islander communities. Expenditure information does exist, but some of it is difficult to access because financial systems in agencies are not designed to easily extract data that would assist to identify expenditures in communities.

At the whole-of-state level, the only comprehensive expenditure information available are the data constructed by the Australian Productivity Commission in the 2014 Indigenous Expenditure Report (SCRGSP 2014a). These data show that, in 2012–13, the Queensland Government spent approximately $4.2 billion (2015–16 dollars) on services for Aboriginal peoples and Torres Strait Islander peoples across Queensland. No estimates were made for expenditures in remote or discrete communities.

Aside from the Australian Productivity Commission data, the only other publicly available dataset is the Queensland Government’s Investment Portal. The portal provides information on grants made to external-to-government organisations, making it difficult to isolate expenditures by geographic region.

The absence of expenditure and other data was a key issue raised by stakeholders. The absence of data means stakeholders do not have information to provide a complete picture of the services being provided in communities. There is also a perception that much expenditure does not reach the ground.

The Local Government Association of Queensland noted the frustration of Indigenous councils trying to understand the expenditures made in their communities:

There appears to be an inherent inability or unwillingness by State and Commonwealth government agencies to provide a breakdown on their investment into each remote Indigenous community in Queensland. If this breakdown can’t be provided then, how can the effectiveness of government funded programs be measured ... Further, Indigenous councils are concerned about the amount of ‘leakage’ that occurs between the time funding is allocated to the time the service is delivered in community. (LGAQ sub. 14, p. 5)

In a similar vein, the Centre of Independent Studies noted that the Australian Productivity Commission expenditure estimates are largely artificial constructs and do not consider effectiveness or how expenditures translate into services delivered on the ground.

We note that in the Queensland Productivity Commission (QPC) consultation paper, figures from the 2016 Overcoming Indigenous Disadvantage Report are used ... We would caution against using these figures as they help to perpetuate the perception that all this ‘extra’ money is going to Indigenous people ... Our analysis, for the ‘Mapping the Indigenous Program and Funding Maze’ report found that 54% of Indigenous Advancement Strategy (IAS) grants, worth approximately $1.2 billion of the total $2.1 billion of IAS funding, went to remote and very remote regions. However, many people working in these communities see little evidence of this funding. (CIS sub. 21, p. 3)
3.2 Understanding expenditures

The level of expenditures on remote and discrete Aboriginal and Torres Strait Islander communities includes both direct expenditures and the indirect (or ancillary) expenditures required to support service delivery.

Direct expenditures are expenditures directly related to the delivery of services to individuals in communities. These services include the resourcing made available to service providers for the delivery of frontline services—such as health and policing—to community members. They may be provided in the community or in regional centres nearby.

Indirect expenditures are expenditures not directly related to frontline service delivery but contributing to the overall cost of service delivery (see Figure 9). These costs include:

- policy development
- coordination
- consultation costs
- compliance and reporting costs
- sourcing funding for program delivery
- overheads associated with these indirect activities.

Figure 9 Indirect costs associated with service delivery in remote and discrete Aboriginal and Torres Strait Islander communities

The Australian Productivity Commission’s Indigenous Expenditure Report includes both direct and indirect expenditures, but no estimate of the proportion of expenditure that relates to indirect (ancillary) expenditure.
3.3 Queensland Government expenditure in context

Queensland Government expenditures on services for Indigenous people is only a small part of the total expenditures on services in Queensland.

The Australian Productivity Commission (SCRGSP 2014a) estimates that, in 2012-13, expenditures by all governments on Aboriginal and Torres Strait Islanders people across Queensland was $7.6 billion ($38,540 per capita). To place this expenditure in context, expenditures on non-indigenous Queenslanders was $96.3 billion (or 92.7 per cent of all expenditures).

Most (84 per cent) expenditures on Aboriginal and Torres Strait Islander people were provided through mainstream services. Indigenous-specific services accounted only 16 per cent of all expenditures (Figure 10).

Figure 10 Expenditure patterns in Queensland, 2012-13

Expenditures are shared by all levels of Government (Figure 11). In 2012-13, the Australian Government contributed around $3.6 billion (47 per cent) of all direct expenditures in Queensland. The Australian Government contributed a further $1.1 billion which was administered by the Queensland Government. Including the Australian Government’s contribution, the Queensland Government’s expenditure on Aboriginal and Torres Strait Islander people in Queensland was just over $4 billion.

Figure 11 Indigenous specific expenditures in Queensland, 2012-13

Source: SCRGSP 2014a
Expenditures in Queensland are broadly comparable to expenditures made in other jurisdictions, however direct comparisons are difficult because the level of need and cost of service delivery (such as due to remoteness) varies significantly.

Across Australia, total direct expenditures on Indigenous Australians in 2012-13 was $30.3 billion ($43,449 per capita). Of this, the Australian Government contributed 47 per cent and State and Territory governments, 53 per cent. Most of the expenditure was on mainstream services (81 per cent), with the remaining provided through Indigenous specific services (19 per cent).

**Expenditures by local government**

Local governments also make significant expenditures in remote and discrete communities. Data show that the operating expenses of councils operating in remote regions are significant, although broadly in line with expenditures made in other regions, once additional costs that may be associated with delivering services in remote regions is considered (LGAQ 2017).

Local governments expenditure is predominantly on the delivery of essential services (including roads, rubbish collection and sewerage), planning and building and maintaining community facilities (QAO 2016).

It was not possible to apportion local government expenditures between Indigenous and non-Indigenous residents. However, it should be noted that (Indigenous and non-Indigenous) councils generally have insufficient own-source revenue to operate sustainably and are reliant on external funding. This external funding is predominantly sourced from the Queensland Government and is included in the estimates throughout this chapter.
3.4 Constructing estimates of Queensland Government expenditure in remote and discrete Aboriginal and Torres Strait Islander communities

Expenditures made by the Queensland and Australian governments that relate to remote and discrete communities cannot easily be identified, due to the lack of relevant publicly available information.

At the state level, identification of expenditures is made difficult by the fractured nature of funding and service delivery, a lack of identification of Indigenous-specific expenditures and challenges isolating expenditures by geographical location. In particular:

- Expenditures on services for communities are made across at least 19 separate agencies, with most having an Indigenous-specific policy and/or coordination function. The costs for these activities are not separately identified.

- Services are often provided through mainstream delivery with little or no identification of Indigenous clients.

- Where expenditures are provided through Indigenous-specific services, it is often difficult to identify the geographical region to which the expenditures relate.

At the national level, information on grants provided through the Indigenous Advancement Strategy (IAS) is available (DPMC 2016a). However, it is difficult to identify the geographical region to which the expenditure relates. Other expenditures are difficult to identify, particularly those relating to health expenditures. While much of this data are publicly available, they are not presented in a form that makes it easy to concord expenditures to regions or communities. Within the timeframe and resources available to this inquiry, it has not been possible to construct estimates of expenditures by the federal government.

To overcome the difficulties identified above, we have used two approaches to provide broad estimates of the expenditures by the Queensland Government in remote and discrete communities:

- **Headline estimates** use a tops-down method—taking known estimates of expenditure at the whole-of-state level, and disaggregating these totals to the regions of interest for this inquiry.

- **Community level estimates** use agency and other data to build a picture of the services that are provided in selected communities and attempts to identify the funding provided to each service. Two case studies are presented to illustrate the community level estimates.
Box 3.1 Data sources

We have used five main data sources to estimate and examine expenditures by the Queensland Government on service delivery in remote and discrete communities.


The Queensland Government Investment Portal (Queensland Government 2017a)—provides information on grants provided by the state government by LGA from 2012–13 to 2015–16. The data do not include services provided or procured by agencies and exclude any head office costs. The data also do not distinguish between expenditures on Indigenous and non-Indigenous persons.

The Department of Aboriginal and Torres Strait Islander (DATSIP) annual report (DATSIP 2016a)—provides expenditure information on a number of specific programs, policies and coordination activities managed by the department.

Service mappings undertaken by DATSIP regional offices (DATSIP 2016b) and Indigenous councils—provide details about services provided in communities.

The Schedule of Investment in Queensland’s discrete Aboriginal and Torres Strait Islander communities (QTC 2016)—unpublished data collated by the Queensland Treasury Corporation (QTC) for DATSIP, which provides expenditure levels occurring in each of the discrete Indigenous communities for 2014–15 and 2015–16. The data are incomplete, do not distinguish between capital and non-capital expenditures and do not include any expenses related to service delivery that occurs outside of the discrete communities (such as court costs and outside-of-community hospital costs).

Methodology for headline estimates

The headline estimates use the Australian Productivity Commission’s estimates of expenditures on Indigenous-specific and mainstream services to Aboriginal and Torres Strait Islander people in Queensland (SCRGSP 2014a). This data is disaggregated to regions of interest using a combination of demographic and institutional data (such as crime statistics and school enrolments data), and information pertaining to the relative costs of service delivery in remote and discrete communities. Figure 12 provides an overview of the methodology.

The methodology uses information from the Australian Productivity Commission’s Expenditure Data Manual (SCRGSP 2014b) and Service Use Definitions Manual (SCRGSP 2014c) to ensure the headline regional estimates are consistent with the Queensland level estimates constructed by the Productivity Commission.

The disaggregation of the Australian Productivity Commission’s state-level estimates takes into account:

- the higher cost of delivering services in remote communities—these costs are estimated using service cost differential information for hospital and health services (AIHW 2013), and for police, education and general service delivery (Commonwealth Grants Commission 2015)

- the drivers of demand for service delivery, including school enrolments and attendance (DET 2016), custodial data (DJAG 2017), offence rates (QGSO 2016b), substantiations of child safety (QGSO 2016c) and age-specific demographic data (ABS 2011).
These estimates are cross-checked (and adjusted where required) with known Queensland Government expenditures in remote and discrete communities (mainly for Indigenous-specific expenditures, which account for a small proportion of the total expenditures in remote and discrete communities).

Where individuals have little influence over expenditure (as for agricultural subsidies and medical research), expenditures are allocated using population shares. These expenditures make up a small proportion of the total expenditures in remote and discrete Aboriginal and Torres Strait Islander communities (less than 5 per cent).

Interpreting the results

The headline expenditure estimates are intended to provide an overview of the total quantum of funds spent by the Queensland Government on service provision for remote and discrete communities. Given the dearth of base information and data, they should be considered as experimental.

The headline estimate includes expenditures on:

- administration and other central office costs
- services that are used by residents of discrete communities that are provided in other regions (such as hospital services provided in regional centres)
• services that are provided to the entire Queensland population, such as research and development funding—allocated to regions based on their population shares
• mainstream services provided to Aboriginal and Torres Strait Islander people living in remote and discrete communities
• Indigenous-specific services provided to people living in remote and discrete communities
• Queensland government funding provided to other parties who provide services to Aboriginal and Torres Strait Islander people living in remote and discrete communities.

The headline expenditure estimates are presented in a way that allows comparison with other known datasets, particularly the Australian Productivity Commission's Indigenous Expenditure reports. This allows the headline expenditure estimates to be compared with expenditure in other jurisdictions and the rest of the state, as well as with non-Indigenous expenditure.

The estimates do not provide a measure of the efficiency or effectiveness of service delivery in remote and discrete Aboriginal and Torres Strait Islander communities. They describe the quantum of expenditure made on behalf of the residents in these communities.

The estimates include only Queensland Government expenditures. The Australian Government also outlays significant expenditures on services to Australian residents, however, this expenditure is not included.

While the headline expenditure estimates represent our best efforts to quantify the total expenditures made by the Queensland Government on remote and discrete communities, they should be interpreted with due consideration for the experimental nature of the method used. Estimating the components of expenditure associated with discrete and remote communities is not straightforward, and the Commission has made many assumptions in deriving these estimates.

### 3.5 Headline estimates—how much does the Queensland Government spend on service delivery to remote and discrete communities?

We estimate that around $1.3 billion was spent by the Queensland Government in 2012–13 on service delivery to Queensland’s remote and discrete Aboriginal and Torres Strait Islander communities (Table 3). This expenditure was just under 3 per cent of the $45 billion spent on all service delivery across the state in that year.

#### Table 3 Headline estimates of Queensland Government expenditures, comparisons with the rest of the state, 2012–13

<table>
<thead>
<tr>
<th></th>
<th>Total expenditures ($ billion)</th>
<th>Per capita expenditure ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indigenous—all remote and discrete communities</td>
<td>1.3</td>
<td>32,000</td>
</tr>
<tr>
<td>Indigenous—rest of the State</td>
<td>2.8</td>
<td>17,000</td>
</tr>
<tr>
<td>Non-indigenous—Queensland</td>
<td>41.6</td>
<td>9,000</td>
</tr>
</tbody>
</table>

*Source: QPC experimental estimates.*

It costs more to deliver services to remote and discrete Aboriginal and Torres Strait Islander communities. The cost of service delivery in remote regions is higher than in other areas as there are less economies of scale, transportation costs are greater and higher wages and allowances are required to attract staff to remote locations (SCRGSP 2014a).
Additional factors include:

- differences in age structure—a community with a younger age demographic would have higher demand for education services and lower demand for aged-care services, all other things being equal

- services provided to different communities may require additional costs—for example, services provided to Aboriginal and Torres Strait Islander populations might include language translation services or other Indigenous-specific service delivery

- Aboriginal and Torres Strait Islanders living in remote communities tend to suffer from poorer health, have lower education levels and have less income than their counterparts in the rest of the state. This level of disadvantage increases the need for government programs and services

- there is limited choice in remote and discrete communities. For example, until very recently, it was not possible for Aboriginal and Torres Strait Islander people living in discrete communities to own their own home, meaning that people in these communities were totally reliant on government-funded housing.

Higher expenditure in a community, therefore, does not mean that there are more or better services in these communities. It may simply reflect that service provision is considerably more costly to provide (including that service provision may be less efficient than it could be):

> [The Indigenous Expenditure report] makes no assessment as to whether the resulting variations in expenditure [between Indigenous and non-Indigenous Australians] are adequate given differences in need, or reflect effective or efficient delivery of service (SCRGSP 2014a, p. 28)

Differences in the per capita costs of service delivery between remote and non-remote regions can be attributed to differences in the intensity of service use and to differences in the unit cost of service delivery.

Figure 13 and Figure 14 depict these differences. They compare the per capita expenditure on service delivery for Indigenous communities against a benchmark per capita cost for non-Indigenous communities in Queensland.

The figures illustrate that the higher costs in remote and discrete Aboriginal and Torres Strait Islander communities are attributable to both a higher service use intensity (around $14,400 of per capita expenditure) and higher cost of provision (around $8,300).

In the rest of the state, per capita expenditures are closer to the non-Indigenous level of expenditure, with the difference mainly due to a higher intensity of service use (around $7,000).
Figure 13 Breakdown of per capita Queensland Government expenditures on Aboriginal and Torres Strait Islander persons—remote and discrete communities

Source: QPC experimental estimates.

Figure 14 Breakdown of per capita Queensland Government expenditures on Aboriginal and Torres Strait Islander persons—rest of the state

Source: QPC experimental estimates.
3.6 How does this compare with other jurisdictions?

Making a direct comparison between expenditures in Queensland’s remote and discrete communities and in other jurisdictions is difficult because:

- these data are not published or easily estimated from publicly available information
- a complete comparison would require a comparison of the underlying need and any other factors that impact on the costs of service delivery (such as extent to which populations are dispersed).

Nevertheless, some comparisons can be made with all-jurisdiction expenditures for states and territories where a large proportion of the Indigenous population lives in remote regions. For example, the Northern Territory, where 80 per cent of the Indigenous population lives in remote or very remote regions, per capita expenditures are around $38,000.

Figure 15 provides a comparison of expenditures on service delivery to Indigenous populations in each jurisdiction, and the proportion of the Indigenous population that live in remote or very remote regions. It shows that expenditures in Queensland’s remote and discrete communities are broadly comparable to expenditures in other states and territories.

**Figure 15 Per capita Indigenous expenditures and the proportion of Indigenous population living in remote regions**

![Figure 15](image-url)

Box 3.2 Possible benefits from closing the gap in disadvantage

Aboriginal and Torres Strait Islander people living in remote and discrete communities experience significantly worse outcomes than both their Indigenous and non-Indigenous counterparts in the rest of the state (see Chapter 4). This high level of need is reflected in a higher service use intensity, and correspondingly, a higher per capita level of expenditure in the remote and discrete communities.

Improving the effectiveness of service delivery, particularly for those services that address the underlying causes of disadvantage, can improve outcomes for Aboriginal and Torres Strait Islander people and result in large gains.

It is estimated that over $600 million could have been saved in 2012–13 if the gap in outcomes between remote and discrete communities and the rest of the state had been closed.

This cost saving is calculated as the difference between expenditures on services that actually occurred in 2012–13, less the difference if the rate of service use intensity in remote and discrete communities was the same as the Queensland non-Indigenous rate.

Potential cost savings predominantly relate to health (just under $200 million) and community safety (over $350 million).
3.7 Where do the expenditures go?

Table 4 provides a breakdown of expenditures by purpose for remote and discrete communities and for the rest of Queensland. It shows that almost 70 per cent of expenditures are on school education, hospital services, public order (mainly police services, justice services and detention) and community support and welfare.

Table 4 Headline estimates of expenditures on services for Aboriginal and Torres Strait islander people, Queensland Government, by purpose, 2012–13

<table>
<thead>
<tr>
<th>All remote and discrete communities</th>
<th>Rest of Queensland</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ million</td>
<td>%</td>
</tr>
<tr>
<td>Education</td>
<td></td>
</tr>
<tr>
<td>Early child development</td>
<td>8</td>
</tr>
<tr>
<td>School education</td>
<td>219</td>
</tr>
<tr>
<td>Tertiary education</td>
<td>4</td>
</tr>
<tr>
<td>Health</td>
<td></td>
</tr>
<tr>
<td>Hospital services</td>
<td>199</td>
</tr>
<tr>
<td>Public and community health services</td>
<td>99</td>
</tr>
<tr>
<td>Health care subsidies and support</td>
<td>4</td>
</tr>
<tr>
<td>Economic participation</td>
<td></td>
</tr>
<tr>
<td>Labour and employment services</td>
<td>4</td>
</tr>
<tr>
<td>Social security support</td>
<td>1</td>
</tr>
<tr>
<td>Home environment</td>
<td></td>
</tr>
<tr>
<td>Housing</td>
<td>119</td>
</tr>
<tr>
<td>Community and environment</td>
<td>42</td>
</tr>
<tr>
<td>Transport and communications</td>
<td>51</td>
</tr>
<tr>
<td>Safe communities</td>
<td></td>
</tr>
<tr>
<td>Public order and safety</td>
<td>230</td>
</tr>
<tr>
<td>Community support and welfare</td>
<td>200</td>
</tr>
<tr>
<td>Recreation and culture</td>
<td>12</td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>49</td>
</tr>
<tr>
<td>Support to industry</td>
<td>11</td>
</tr>
<tr>
<td>Total</td>
<td>1,254</td>
</tr>
</tbody>
</table>

Source: QPC experimental estimates.
How much expenditure is Indigenous-specific?

Government funded services are provided through a combination of mainstream and Indigenous-specific services (Table 5).

### Table 5 Headline estimates of expenditures, Queensland Government, by mainstream and Indigenous specific service delivery, 2012-13

<table>
<thead>
<tr>
<th>Service Delivery</th>
<th>Mainstream services ($ million)</th>
<th>Indigenous-specific services ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>214</td>
<td>17</td>
</tr>
<tr>
<td>Health</td>
<td>258</td>
<td>44</td>
</tr>
<tr>
<td>Economic participation</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Home environment</td>
<td>104</td>
<td>109</td>
</tr>
<tr>
<td>Safe communities</td>
<td>407</td>
<td>36</td>
</tr>
<tr>
<td>Other</td>
<td>60</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>1,048</td>
<td>207</td>
</tr>
</tbody>
</table>

Source: QPC experimental estimates.

The majority (84 per cent) of expenditure in communities occurs through mainstream services—that is, services that are not specifically aimed at Aboriginal and Torres Strait Islander people. For example, education services are delivered, in the main, through the Department of Education, with mainstream schools located in the remote and discrete Aboriginal and Torres Strait Islander communities or in regional centres.

16 per cent of expenditure in remote and discrete Aboriginal and Torres Strait Islander communities was Indigenous-specific service delivery. Of the estimated $207 million spent on Indigenous-specific services in 2012–13, around $100 million was expenditure on social housing—the majority of which has since been mainstreamed by the Department of Public Works and Housing (DHPW 2017; Habibis et al. 2016).
Education

In 2012–13, around $230 million was spent on education services by the Queensland Government in remote and discrete Aboriginal and Torres Strait Islander communities. The majority (93 per cent) of these expenditures occurred through mainstream education services, predominantly through government-run primary and secondary schools.

The higher cost per capita of delivering education in communities is largely due to a higher service use intensity (because the Indigenous population has a higher proportion of school-aged children than the non-Indigenous population) and because of the high cost of service provision.

**Figure 16 Breakdown of per capita Queensland Government expenditures on Aboriginal and Torres Strait Islander persons—education services**

![Chart showing breakdown of per capita expenditures](chart.png)

*Source: QPC experimental estimates.*

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3 Education services include early childhood, primary, secondary and tertiary education.
Health

Health expenditures in remote and discrete Aboriginal and Torres Strait Islander communities in 2012–13 was just over $300 million. Around 15 per cent of expenditures were on Indigenous-specific health services. Health has a relatively higher share of expenditure contracted out to non-government organisations, including to Aboriginal Community Controlled Health Organisations.

The data suggest that, although significantly more is spent on health in remote regions, the additional expenditure reflects a higher service use intensity rather than a higher cost of provision.

Figure 17 Breakdown of differences in per capita Queensland Government expenditures on Aboriginal and Torres Strait Islander persons—health services

Source: QPC experimental estimates.

The high proportion of costs associated with higher service use intensity, suggests significant benefits could be realised from early intervention and prevention to improve the lives of Aboriginal and Torres Strait Islander people living in remote and discrete communities. For example, Queensland Health estimates that, if the hospitalisation rate for Indigenous Queenslanders was the same as non-Indigenous Queenslanders, the public inpatient hospital system would have saved $621 million between 2012–13 and 2014–15 (Aboriginal and Torres Strait Islander Health Unit 2015).

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* Health services include hospital services, public and community health services and health care subsidies and support. It excludes GP services, which are funded by the Australian Government.
Home environment

In 2012–13, around half of services relating to the home environment were delivered as Indigenous-specific services. These services were mainly in the form of social housing providers operating across all remote and discrete Aboriginal and Torres Strait Islander communities.

Since then, however, the proportion of Indigenous-specific housing providers has fallen significantly as community housing in was moved to mainstream management under the National Partnership Agreement on Remote Indigenous Housing (NPARIH) (DPWH 2017; Habibis et al. 2016).

In 2012–13, the Queensland Government spent just under $5,500 per person in remote and discrete Aboriginal and Torres Strait Islander communities on services related to the home environment, predominantly on social housing. This compares to just under $2,000 per capita across Queensland, generally.

**Figure 18 Breakdown of differences in per capita Queensland Government expenditures on Aboriginal and Torres Strait Islander persons—home environment**

![Graph showing breakdown of differences in per capita Queensland Government expenditures on Aboriginal and Torres Strait Islander persons—home environment](image)

Source: QPC experimental estimates.

The higher levels of service use intensity largely relate to the very high levels of social housing that exists in the discrete communities. Reducing demand for social housing in these communities is challenging due to historical tenure issues (discussed further in Chapter 11).

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5 Home environment services include housing, community and environmental services, and transport and communications.
Safe Communities

Services relating to community safety[^6] represent the highest area of expenditure in remote and discrete Aboriginal and Torres Strait Islander communities, accounting for around 35 per cent of all expenditures ($407 million). It is also the service area with the largest expenditure ‘gap’—per capita expenditures in remote and discrete Aboriginal and Torres Strait Islander communities are almost eight times as high as for the statewide non-Indigenous population (Figure 19).

Expenditures on community safety predominantly relate to policing, child safety, courts and detention; together accounting for over 70 per cent of all expenditures on safe communities. The remaining expenditures relate mainly to aged care and disability services.

Only 8 per cent of expenditures go towards Indigenous-specific service delivery.

**Figure 19 Breakdown of differences in per capita Queensland Government expenditures on Aboriginal and Torres Strait Islander persons—safer communities**

![Figure 19 Breakdown of differences in per capita Queensland Government expenditures on Aboriginal and Torres Strait Islander persons—safer communities](image_url)

*Source: QPC experimental estimates.*

Large gains could be made from expenditure on programs that address the underlying causes of community dysfunction, which result in the high rates of service use intensity. In 2012–13, the higher service use intensity accounted for around $350 million dollars of public expenditure and imposed large human costs on communities (discussed further in Chapter 15).

[^6]: The Safe Communities program includes services relating to public order and safety, community support and welfare, and recreation and culture.
3.8 Alternative estimates—agency estimates

In 2014, DATSIP commissioned QTC to collect and collate Queensland Government information on expenditures in discrete Aboriginal and Torres Strait Islander communities. These data have been provided to the Commission for the financial years 2014–15 and 2015–16.

While the data provide useful information at a community level, they have a number of limitations:

- They do not distinguish between capital and non-capital expenditures. This makes year-to-year or cross-community comparison difficult. A better approach would be to amortise all capital costs, and include these in the expenditure estimates.

- They do not include expenditures on services that are provided outside of communities but are accessed by community residents—these include hospital and justice costs not incurred in the community.

- They do not include any head office or regional office functions or other indirect costs of service delivery. These costs may be a substantial component of overall expenditures.

- There are inconsistencies in the way that agencies reported expenditures—possibly a reflection of limitations in the ability of agency financial systems to meet reporting requirements.

The DATSIP agency data show that, overall, the Queensland Government spent $593 million in discrete Aboriginal and Torres Strait Islander communities in 2014–15. The Australian government contributed a further $152 million through NPARIH, which was acquitted by the state, taking the total expenditure to $745 million in 2014–15.

The headline estimates in section 3.5, above, include expenditures in both remote and discrete Aboriginal and Torres Strait Islander communities. Our estimate of expenditures in the discrete communities is $851 million (for 2012–13).

These two estimates are not directly comparable because of the limitations discussed above, and the fact that the DATSIP data is for 2014–15, while our estimate is for 2012–13.
3.9 Community-level estimates—case studies

The community-level estimates are intended to provide a more nuanced picture of expenditures in remote and discrete communities. They provide a snapshot of the services available on the ground in two selected communities to:

- identify the number of services operating in communities
- better understand how expenditures provide services on the ground
- examine if there are gaps or duplication in service delivery.

The community-level estimates cannot be compared directly to the headline expenditure estimates, since they:

- do not include expenditures on services delivered outside the community that may be accessed by residents
- do not include agency head office costs
- exclude some expenditures where data is unavailable—for example, some data on expenditures on health-related services was not available.

The two communities—Hope Vale and Aurukun—were selected because there was sufficient information available to assemble a reasonably complete and up-to-date picture of service provision.

While all services are included in the analysis, any financial data is only for funding sourced through the Queensland Government. Even for state-funded services, in many cases we were unable to identify the quantum of expenditures allocated to support individual service delivery.

The community-level estimates have been informed by unpublished data provided by DATSIP—these are service mappings undertaken by DATSIP’s regional offices (DATSIP 2016b) and the Schedule of Investment in Queensland’s discrete Aboriginal and Torres Strait Islander communities (QTC 2016).
Hope Vale

Hope Vale is located around 60 kilometres north of Cooktown. It has a population of just over 1,100, of which 95 per cent are Indigenous (QGSO 2016b).

In 2015–16, the Queensland Government spent at least $23 million in Hope Vale (Table 6). Of this, more than half related to the construction of new housing, mainly under NPARIH. The majority of the remaining expenditures were on health care (mainly relating to a primary health care facility run by Queensland Health with expenditures of just under $3 million), funding provided under the Natural Disaster Relief and Recovery Arrangements (NDRRA) ($2.4 million) and funding provided to council in lieu of rates revenue ($1.5 million), police services ($0.6 million) and funding for the Families Responsibilities Commission ($0.4 million).

Table 6 identified expenditure, Hope Vale, 2015–16

<table>
<thead>
<tr>
<th>Category</th>
<th>Queensland Government Expenditure ($)</th>
<th>Commonwealth funding administered by the State ($)</th>
<th>Total ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Safety</td>
<td>847,778</td>
<td></td>
<td>847,778</td>
</tr>
<tr>
<td>Economic Participation</td>
<td>511,472</td>
<td>63,014</td>
<td>574,486</td>
</tr>
<tr>
<td>Education and Training</td>
<td>398,040</td>
<td></td>
<td>398,040</td>
</tr>
<tr>
<td>Health and Wellbeing</td>
<td>4,004,960</td>
<td>260,393</td>
<td>4,265,353</td>
</tr>
<tr>
<td>Homes and Housing</td>
<td>3,944,684</td>
<td>8,149,680</td>
<td>12,094,364</td>
</tr>
<tr>
<td>Infrastructure and Local Government</td>
<td>3,900,198</td>
<td></td>
<td>3,900,198</td>
</tr>
<tr>
<td>Other</td>
<td>749,135</td>
<td>498,918</td>
<td>1,248,053</td>
</tr>
<tr>
<td>Total</td>
<td>14,356,267</td>
<td>8,972,005</td>
<td>23,328,272</td>
</tr>
</tbody>
</table>

Note: Expenditure data are incomplete and exclude most Australian Government expenditure other than for housing.

Of the expenditures identified, around 20 per cent, or $4.5 million, was provided as grant funding (Table 7). Of these funds, $2.4 million was provided for the repair of essential infrastructure damaged by natural disasters. A further $1.5 million was provided to council in lieu of rates. These funds are required to meet basic municipal service delivery.

Table 7 Expenditure by funding type, Hope Vale, 2015–16

<table>
<thead>
<tr>
<th>Expenditure type</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant funding</td>
<td>4,535,619</td>
</tr>
<tr>
<td>Agency provision</td>
<td>14,393,610</td>
</tr>
<tr>
<td>Procurement of service</td>
<td>4,453,043</td>
</tr>
<tr>
<td>Total</td>
<td>23,328,272</td>
</tr>
</tbody>
</table>
We identified 78 different services, provided by 46 different service providers in Hope Vale (with a population of 1,125). There are 44 different funding programs across 11 Queensland Government departments. More than half of all services are either delivered externally to the community, or are provided on a drive-in, drive-out, or fly-in, fly-out basis (Table 8).

Table 8 Service provision in Hopevale, 2015-16

<table>
<thead>
<tr>
<th>Service provider</th>
<th>In the community</th>
<th>Drive in/out or fly in/out</th>
<th>External</th>
<th>Unknown</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>7</td>
<td>18</td>
<td>1</td>
<td>1</td>
<td>27</td>
</tr>
<tr>
<td>NGO</td>
<td>7</td>
<td>21</td>
<td>1</td>
<td>2</td>
<td>31</td>
</tr>
<tr>
<td>Council</td>
<td>8</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>Private</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>32</td>
<td>39</td>
<td>2</td>
<td>5</td>
<td>78</td>
</tr>
</tbody>
</table>

From the data available, it was not possible to determine the extent to which duplication of services existed. Nevertheless, conversations with stakeholders suggest such duplication occurs:

*Often, the first time remote communities are aware that a new service has been funded is when the service provider contacts council looking for an office to rent, or when the service provider places an advertisement for personnel in the local paper. This lack of engagement with the council/community at the front end of the funding allocation process creates the ideal setting in which duplication can, and does, occur. For example, Mornington Shire Council has documented ten (10) separate organisations that have been funded to deliver the same four programs (LGAQ sub. 14, p. 5).*

Aurukun

Aurukun is a discrete community located approximately 100 km from Weipa and had a population of just over 1,400 in 2015.

We were able to identify just over $38 million of expenditures made in Aurukun in 2015-16 (Table 9).

Approximately 43 per cent of identified funding was for the construction and maintenance of housing. Other significant costs included primary health care of $3.8 million, policing costs of over $2.1 million and $1.8 million in funding to the Cape York Aboriginal Australian Academy to provide education and training.
Table 9 Identified expenditure, Aurukun, 2015–16

<table>
<thead>
<tr>
<th>Category</th>
<th>Queensland Government Expenditure ($)</th>
<th>Commonwealth funding administered by the State ($)</th>
<th>Total ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Safety</td>
<td>4,067,116</td>
<td></td>
<td>4,067,116</td>
</tr>
<tr>
<td>Economic Participation</td>
<td>451,371</td>
<td></td>
<td>451,371</td>
</tr>
<tr>
<td>Education and Training</td>
<td>2,626,058</td>
<td></td>
<td>2,626,058</td>
</tr>
<tr>
<td>Health and Wellbeing</td>
<td>5,125,631</td>
<td>$226,463</td>
<td>5,352,094</td>
</tr>
<tr>
<td>Homes and Housing</td>
<td>2,952,564</td>
<td>13,531,810</td>
<td>16,484,374</td>
</tr>
<tr>
<td>Infrastructure and Local Government</td>
<td>6,180,247</td>
<td></td>
<td>6,180,247</td>
</tr>
<tr>
<td>Other</td>
<td>2,100,959</td>
<td>942,826</td>
<td>3,043,785</td>
</tr>
<tr>
<td>Total</td>
<td>23,503,946</td>
<td>14,701,099</td>
<td>38,205,045</td>
</tr>
</tbody>
</table>

Note: Expenditure data is incomplete and excludes most Commonwealth expenditure other than for housing.

Of the expenditures identified, approximately one-quarter, or $9.5 million, was provided as grant funding (Table 10). Of this funding, $4.3 million was provided for the repair of essential infrastructure damaged by natural disasters. A further $1.1 million was provided to council in lieu of rates.

Table 10 Expenditure by funding type, Aurukun, 2015–16

<table>
<thead>
<tr>
<th>Expenditure Type</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant funding</td>
<td>9,546,796</td>
</tr>
<tr>
<td>Agency provision</td>
<td>16,579,504</td>
</tr>
<tr>
<td>Procurement of service</td>
<td>12,078,745</td>
</tr>
<tr>
<td>Total</td>
<td>38,205,045</td>
</tr>
</tbody>
</table>

We were able to identify 58 services being provided in Aurukun. Just under half of the services were provided by NGOs. Around half of the service providers were located in the community (31 providers), with the remainder provided on a drive-in, drive-out, or fly-in, fly-out basis (Table 11).

Table 11 Service provision in Aurukun

<table>
<thead>
<tr>
<th>Service provider</th>
<th>In the community</th>
<th>Drive in/out or fly in/out</th>
<th>Unknown</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>3</td>
<td>16</td>
<td>1</td>
<td>20</td>
</tr>
<tr>
<td>NGO</td>
<td>16</td>
<td>8</td>
<td>1</td>
<td>25</td>
</tr>
<tr>
<td>Council</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Private</td>
<td>6</td>
<td>0</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>24</td>
<td>3</td>
<td>58</td>
</tr>
</tbody>
</table>
Draft findings

Consistent community-level information on service delivery expenditures, would aid decision-making.

Significant improvements to the collation and distribution of expenditure information would assist stakeholders to improve community-level decision-making.

Addressing the underlying causes of high service use in remote and discrete Aboriginal and Torres Strait Islander communities could result in large potential savings.

A large proportion of expenditures appears to be consumed by ancillary or indirect costs, rather than frontline service delivery—this is compounded by high administrative and compliance costs, and a lack of coordination.

The information available to the inquiry suggests that most expenditure decisions occur in agencies, with service being centrally commissioned; there is little evidence of community involvement.