

## We won't succeed in Closing the Gap until we do our homework



*The government spends \$44,900 a year per Indigenous Australian, twice the equivalent spending per person on the rest of the Aussie population. But there's a story behind the numbers*

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The latest report on government spending on Indigenous people makes shocking reading. So let me explain it to you before some One Nation-type gives you *her* version.

The report estimates that federal and state spending on Aboriginal and Torres Strait Island Australians was more than \$33 billion in 2015-16, a real increase of almost 24 per cent since 2008-09.

Practical measures and rhetorical flourishes are both on display as Malcolm Turnbull and Bill Shorten address the annual 'Closing the Gap' report into indigenous disadvantage.

That amounts to spending \$44,900 a year per Indigenous Australian, twice the equivalent spending per person on the rest of the Aussie population.

See? Proof positive of what many radio shock jocks and One Nation supporters have always said: Aborigines get a host of government benefits the rest of us aren't entitled too.

After the nation's vow to Close the Gap between Indigenous and non-Indigenous Australians on health, education and employment, it's hardly surprising Indigenous spending has grown.

Trouble is, there's little likelihood this apparently massive spending will see the Closing the Gap targets reached. Bad, eh? Waste on a grand scale.

Fortunately, however, all is not as it seems. As associate professor Nicholas Biddle, a fellow of the Centre for Aboriginal Economic Policy Research, at the Australian National University, has explained in an [article](#) on my second-favourite website, *The Conversation*, a closer look at the figures shows there's no reason to swallow the rubbish peddled by the downward-envy brigade. ("Oh, Aborigines get it so much easier than we do.")

First point is that the \$44,900 in annual spending per Indigenous person covers more than 150 spending categories, including social security payments, but also government spending on health, all levels of education, law and order, housing, community welfare, transport and even a share of the cost of the public service and defence.

So most comes in the form of services provided, rather than cash in hand. A bit over half of the spending comes from state and territory governments, leaving a bit less than half from the feds.

The report divides the \$44,900 into "mainstream services" – services available to all Australians regardless of ethnic origin – and "Indigenous-specific services".

The latter account for just 18 per cent of the total – about \$8000 a year per person. This proportion is *down* on earlier years.

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But this still leaves the annual cost per person of mainstream services for Indigenous Australians exceeding the equivalent cost for other Australians by about \$14,5000. How's this explained?

Mainly by the greater intensity of Indigenous people's use of mainstream services. For instance, their rate of unemployment is higher. And, rightly or wrongly, a disproportionate share of law and order spending is devoted to Indigenous people.

As well, the Indigenous population is, on average, younger – meaning disproportionate spending on education.

The rest of the difference between the levels of spending on mainstream services is explained by the higher cost of providing those services in remote locations. Biddle says that 22 per cent of Indigenous Australians live in remote and very remote areas.

And remember this. While real spending on Indigenous Australians seems to be rising rapidly in absolute terms, so too is the Indigenous population. It's up by almost 16 per cent over the seven years to June 2016, compared with a little more than 11 per cent for the non-Indigenous population.

Biddle calculates that while real Indigenous spending *per person* has risen by 6.9 per cent over the seven years, real gross domestic product per person has risen by 7.5 per cent.

Sadly, it's true that the Closing the Gap targets set by the Council of Australian Governments in 2009 look unlikely to be achieved.

That's because progress to date has been so modest. The targets were worthy, but unrealistic. At this stage it's probable that setting revised, more achievable targets will do more to motivate governments to keep trying.

But this isn't to say we're making *no* progress. Biddle and a colleague at the Centre for Aboriginal Economic Policy Research, Francis Markham, have been examining last year's census for evidence on how we're going with the gap.

On employment they find no noticeable improvement since the previous census in 2011. On education, however, the news is more encouraging.

"Indigenous people are getting into the education system earlier and staying for longer," they say. "This is likely to lead to improved socio-economic outcomes in future."

The proportion of three to five-year-olds attending preschool is up from 43.5 per cent to 48.5 per cent. The proportion of 15 to 18-year-olds at high school is up substantially from 51.2 per cent to 59.7 per cent.

The proportion of Indigenous people who've completed year 12 has risen from 28 per cent to 34.6 per cent. And the proportion of 15 to 24-year-olds in tertiary education is up from 14.1 per cent to 16.2 per cent.

But let's get real in another sense. Checking the figures to see what's been happening to government spending on Indigenous people is fine, but it tells us nothing about whether that spending is efficient, effective or even adequate.

What's more, looking at how we've been going on the various indicators of progress during the same period tells us little about whether that money is being spent well or badly.

Why? Many reasons. Because spending in one year may take many years to have an effect. Because spending in one area can affect multiple outcomes. Because outcomes in one area can be influenced by spending in many areas.

We know we're spending more but not achieving the improvement we'd hoped for. What we don't know is whether we're wasting our money or need to be spending a lot more.

Why not? Because we know too little about the effectiveness of particular spending programs. We haven't done nearly enough research to see what works and what doesn't.

We won't get as far as we should in Closing the Gap until we do our homework. That includes making more data held by government departments available to researchers.