

Stabilise, normalise and exit = \$4 billion

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Earlier this week, I was asked by the mainstream media to cost the new Howard/Brough approach in the Northern Territory: would it cost the tens of millions that the Prime Minister indicated he was willing to commit to this new state project to fix the 'national emergency'?

I totally disagree with the 'national emergency' rhetoric, what is now being examined carefully by the Commonwealth Government has been identified as a looming crisis for many years now by many researchers, inquiries, Indigenous leaders, and others. And not just for the Northern Territory, but for all Indigenous Australians who may be in need.

My logic is that if we are going to have lasting outcomes, not just band-aids, we need to comprehensively tackle the key systemic issues of housing, health, education and employment, the four planks of John Howard's 'practical reconciliation'. Without debating who defines 'normalisation', I decided to do some rough 'back of the envelope' calculations of what this process might cost over five years.

I came up with approximately \$4 billion.

Senator Nick Minchin then said I had the figures wrong. He said:

I think there must be a lot of double counting in that.

The Prime Minister's right to say this current initiative will be in the tens of millions of dollars.

It's essentially engagement of personnel that will be the expense in this phase of the operation.

I mean, obviously, the Government has ongoing expenses with respect to medical and educational and law and order issues in the Territory, and other parts of Australia that affect Aborigines, so I think Mr (sic) Altman is engaging in significant double counting.¹

Senator Minchin preferred to stick with the current initiatives and tens of millions scenario, the so-called stabilisation phase, rather than also consider the normalization phase of the new Howard/Brough initiative. What I would like to see from Senator Minchin—perhaps with assistance from Treasury Secretary Dr Ken Henry, who is fast gaining expertise in Indigenous affairs—are the Government's own costings. For as Minister Brough positively stated, cost would not stand in the way of the Government's controversial intervention.

1. 'Minchin rejects cost estimate of NT intervention', ABC News website, posted Wednesday 27 June, 2007 3:00pm AEST
<<http://abc.net.au/news/stories/2007/06/27/1963664.htm?section=justin> >

On the other hand, Lenore Taylor from *The Financial Review* suggested that I was too conservative. Taylor increased my estimate to \$5 billion using a new Northern Territory Government figure of \$2.3 billion needed over five years to build 5,000 new homes with power and sewerage (*The Australian Financial Review*: 'Crisis plan could cost \$5bn', 27 June). My conservative estimates were exposed as too conservative very quickly.

Here are my numbers:

On housing, the Northern Territory Government has estimated that \$1.4 billion is needed to provide housing today, at seven persons per house, bearing in mind that some communities now average 15 or 16 people per house, a family per bedroom. Over five years, as the Aboriginal population conservatively expands at 2% per annum, this is likely to increase to \$1.5 billion.

On health, according to the Australian Medical Association, \$460 million per annum extra is need Australia-wide: this estimate was used to advocate for realistic allocations in the 2007-08 Budget context only last month. I allocate 20% of this to the Northern Territory, just a little above the NT Aboriginal proportion of the national Aboriginal population, or \$460 million extra over five years.

On education, just focusing on the so-called prescribed communities, the Northern Territory Government estimates that there are 8,000 enrolled Indigenous students in these communities, but attendance is only 60 per cent. It is also estimated that 2,000 children are not enrolled. If 10,000 students went to school, an extra recurrent allocation of \$79 million per annum would be needed as well as a one-off allocation of \$295 million for extra school infrastructure and teacher housing. This comes to an extra \$690 million over five years, and that is for remote communities only.

On employment, one indication provided by Sue Gordon, head of the National Emergency Task Force, on Monday is that people working on the Howard/Brough plan would get a full wage, not just a work-for-the-dole payment under the Community Development and Employment (CDEP) Program. There are about 8,000 Aboriginal people on CDEP in the Northern Territory. Let's give them all a full wage and employment opportunity, which will cost an additional \$1.4 billion over five years using similar broad-brush figures for converting CDEP jobs to proper jobs as in the new Working on Country program.

This employment figure does not include another 3,000 unemployed indigenous people on Newstart in the Northern Territory, but does include CDEP as an offset.

These four estimates alone add up to just over \$4 billion over five years and do not differentiate Indigenous people in the NT living on or off Aboriginal-owned land (except in relation to education), although it is known that more than 70% live on the Indigenous estate.

This is an absolute minimum and it does not cover the immediate costs of the current 'stabilisation' phase involving an extra 60 police and perhaps 62 additional doctors, one for each major community with a population of over 200, or their accommodation (bearing in mind the existing housing crisis). Nor does it include the cost of leasing 62 communities from their owners, or the more difficult-to-quantify, somewhat opaque costs of deploying Norforce troops and federal bureaucrats as government appointed managers, administrators or controllers.

Many commentators are quietly overlooking the fact that the 2007-08 Budget was hugely disappointing to Indigenous Australia. Here was a golden opportunity, just a month ago, with a *massive* forecast surplus, to systematically invest to address Indigenous disadvantage Australia-wide. In my piece for *Crikey* last month, 'Budgeting for all Australians, except the Indigenous ones'¹, I wrote:

Billions are being spent in the 2007-08 Budget on areas like higher education, on tax cuts, on the elderly, but such expenditures are inherently biased against Indigenous people who are under-represented in universities, in employment and among older age cohorts.

Given the scale of the problem identified by many researchers for many years now, as well as government-sponsored studies like the Commonwealth Grants Commission Indigenous Funding Inquiry 2001, and the dollar estimates outlined here, the new money committed last month was paltry \$160 million per annum extra Australia-wide, less than 20 per cent of what I estimate the Northern Territory alone needs as a minimum, conservative estimate.

What we need now is sustained effort, community consultation and partnership, effective and appropriate expenditure, and close monitoring by the media of what is being achieved. This crisis has largely come about because of neglect and resulting poverty, not because of Aboriginality and remoteness.

It is a crisis that will now require serious commitment to address over many, not just five, years. So the terminology of 'exit' is of concern, if the overarching aim is a larger measure of socioeconomic equality and sustained citizenship equity for indigenous Australians.

1. 'Budgeting for all Australians, except the Indigenous ones', *Crikey*, posted Thursday 10 May, 2007, <<http://www.crikey.com.au/Politics/20070510-Budgeting-for-all-Australians-except-the-indigenous-ones-.html>>