Submission to the Department of Prime Minister and Cabinet – Consultation Paper: Closing the Gap Refresh

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In June 2018, four of the seven Closing the Gap targets will expire. Not one of these targets is set to be met.[1] Only one overall target is on track: to halve the gap for year 12 or equivalent attainment by 2020. Over the past few years, it has become increasingly clear that the Closing the Gap strategy is struggling to have a major impact. The 2014 Closing the Gap Prime Minister's Report saw Tony Abbott acknowledge that "while progress has been made in some objectives, it is clear that we are still failing in too many."[2] In 2017 Malcom Turnbull re-emphasised the "stark reality that we are not seeing sufficient national progress on the Closing the Gap targets."[3]

While the targets set in 2008 were ambitious, and the task immense, the failure to meet the majority of targets implies the need for a reassessment of the underlying principles and structures of the Closing the Gap strategy. The Centre for Independent Studies welcomes the opportunity to make a submission addressing the 2018 Public Discussion Paper. In accordance with recent CIS research findings, this submission will focus on the role of evaluation in ensuring Indigenous programs and services achieve their desired outcomes, and emphasise the importance of implementing a range of economic development targets.

Recommendations:

- Commit to developing evaluation strategies in all Indigenous programs relevant to Closing the Gap targets.
- Review the design of targets and consider implementing hard objectives to ensure that agencies and program providers can strategically plan for incremental gains.
- Consider a target to increase Indigenous self-employment/business ownership.
- Consider implementing a target focussing on home ownership.
- Encourage the growth of Indigenous cultural businesses as part of business ownership/self-employment targets.
- Affirm the intellectual property rights of Indigenous Australians.

Target:	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	Australia
Halving the gap in child mortality by 2018									✓
95% of Indigenous 4 years olds enrolled in early childhood education by 2025	✓	✓	✓	✓	✓	✓	✗	✓	✓
Closing the gap in school attendance by 2018	✗	✗	✗	✗	✗	✗	✗	✗	✗
Halve the gap in reading, writing and literacy for Indigenous children by 2018	✗	✗	✗	✗	✗	✓	✗	✓	✗
Halve the gap in year 12 attainment by 2020	✗	✗	✗	✓	✓	✗	✓	✓	✓
Halve the gap in employment outcomes by 2018	✓	✗	✗	✗	✗	✗	✗	✗	✗
Close the gap in life expectancy by 2031	✗		✗	✗			✗		✗

Blank cells denote no data available

1. Measurement of Targets

Question: *How could the Closing the Gap targets better measure what is working and what is not?*

Program and Service Evaluation

The Closing the Gap strategy is based on the measurement of key indicators such as life expectancy, high school completion and employment rates. While these overall indicators are the bottom line, the programs and services dedicated to achieving these targets are at the forefront of the approach. Consequentially, ensuring that they are effectively achieving the desired outcomes is essential to closing the gap.

However, CIS research has revealed that the impacts of an overwhelming number of Indigenous programs are not being evaluated.[4] Of 1082 programs surveyed, only 88 (8%) of these had been evaluated.[5] Evaluations are essential to the ongoing success of any policy or program.[6] Evaluations provide evidence that a particular intervention works.[7] They can reveal inefficiencies that must be addressed, and provide accountability to program managers and providers.[8] Without evaluation, a program may suffer from one or both of these afflictions, limiting its effectiveness. For example, a 2017 Queensland Productivity Commission report identified a lack of evaluation and weak lines of accountability as key cause of the limited success of service delivery to remote Indigenous communities in the state.[9]

Moreover, a lack of evaluation and assessment of need is leading to duplication and wastage. Programs applied on the basis of indigeneity, rather than local need, will have little impact if they do not address the specific problems experienced by a community.[10] For example, in 2009 the CIS identified the provision of suicide prevention training to a Northern Territory Community who had

no experience of suicide and had already undergone previous training.[11] Similar examples could be found across the Indigenous program eco-system.

Indigenous programs continue to represent one of the primary means of closing the gap. It is therefore important to measure their applicability and efficacy. Including effective evaluation of program outcomes into a new Closing the Gap strategy will undoubtedly allow for a better tracking and understanding of targets at a grassroots level.

Recommendation: Commit to developing evaluation strategies in all Indigenous programs relevant to Closing the Gap targets.

Reassessing the Closing the Gap concept:

The intention of the Closing the Gap strategy is a noble one. Bringing Indigenous Australians on par with the remainder of the population is and should be the ultimate objective of the policy. However, the fluid nature of the gap means that they are often difficult to achieve and do not reflect genuine progress on the ground.

The indicators of the wider population may change concurrently with those of Aboriginal and Torres Strait Islanders. A similar improvement in outcomes by both groups would mean that little progress had been made on reducing the gap. However, this could mask the fact that tangible progress may still have been made on Indigenous outcomes. For instance, between 2005 and 2012, Indigenous life expectancy at birth increased 1.6 years for males and 0.6 years for females.[12] However, due to increases in the life expectancy for non-Indigenous Australians, the gap only narrowed by 0.8 years for Indigenous males and 0.1 years for females.

Despite achieving only a minor reduction in the gap, this is still a notable improvement. However, the fluctuating nature of the gap can see it framed as a relative failure. The fluid nature of the gap can also make it difficult to set and achieve incremental targets in given areas. While they are not as idealistically desirable, hard targets would bring clarity and consistency to program and service providers seeking to improve outcomes. They would not be hostage to inconsistent targets that can undermine genuine progress. Implementing the evaluation strategies proposed above would also ensure that improvements are attributable specific programs, rather than correlated with general changes in the overall population.

Recommendation: Review the design of targets and consider implementing hard objectives to ensure that agencies and program providers can strategically plan for incremental gains.

2. Economic Development

Question: *What indicators should governments focus on to best support the needs and aspirations of Indigenous peoples? Should governments focus on indicators such as prosperity, wellbeing, or other areas?*

Business and self-employment targets

Only one of the seven current Closing the Gap indicators is directly related to economic development. The target, to halve the gap in employment outcomes by 2018, is not on track to succeed.[13] Between the introduction of the Closing the Gap strategy in 2008 and 2015, the Indigenous employment rate declined 5.4%.[14] The overall Australian employment rate also declined by 2.4% during this period. However, the larger drop in Indigenous employment means that the gap actually increased by 3% to 24.2%. Given that over 80% of non-Indigenous Australians and 91% of Aboriginal and Torres Strait Islander workers are employees,[15] employment remains an essential element of the strategy. This submission will not attempt to discuss why employment targets fail to be met. However, it will argue that a refreshed strategy should integrate a focus on wider principles of wealth creation and economic development.

While employment targets are essential, other indicators such as business ownership rates should also be considered in a new Closing the Gap strategy. In 2015 the Commonwealth government introduced the Indigenous Procurement Policy (IPP). The IPP has 'changed the conversation' around Indigenous economic development.[16] While the wider footprint of government procurement will always be limited, the policy has created a greater awareness of the potentials business ownership has for Indigenous people.[17] Decades of exclusion from the economy, low levels of education and stigmas surrounding capability may all affect Indigenous people from accessing employment.[18] Thus, entrepreneurship and business ownership can empower Aboriginal and Torres Strait Islander Australians overcome these difficulties and actively participate in the economy.[19]

However, only 6.6% of Indigenous people are currently self-employed, a third of the rate of the remainder of the country (16-17%).[20] There are an estimated 12-16,000 Indigenous businesses.[21] If the gap between Indigenous and non-Indigenous self-employment was closed that figure could be in excess of 40,000 Aboriginal businesses. A hard commitment to closing this gap could build on the progress of the IPP and ensure a variety of means are pursued to enhance Indigenous economic participation.

Recommendation: Consider a target to increase Indigenous self-employment/business ownership.

Home Ownership

Private property and home ownership are important not only to the creation and maintenance of wealth, but can also have a positive effect on a variety of indicators, such as health and education.[22] Property can also enable greater participation in the wider economy by allowing an owner to use their property as collateral for private finance.[23] This can create investment opportunities and promote entrepreneurship and business ownership.[24]

Many of the major gaps primarily occur in remote communities. However, low rates of Indigenous home ownership are an issue that permeates across all regions. In major cities, 66.83% of non-Indigenous Australians own their own home.[25] This figure falls to 38.33% for Indigenous people, meaning there is a gap of 28.5%. In remote and very remote communities, only 17.03% of Indigenous households are owned, as opposed to 55.14% for the remainder of the population. A stark reminder of this divide can be seen in a trend that sees rates of home ownership decrease rapidly in areas with higher Indigenous populations (See Figure 1). Indigenous socio-economic outcomes will continue to be detrimentally effected as long as this gap remains.

Figure 1- Home Ownership and Indigeneity by Local Government Area
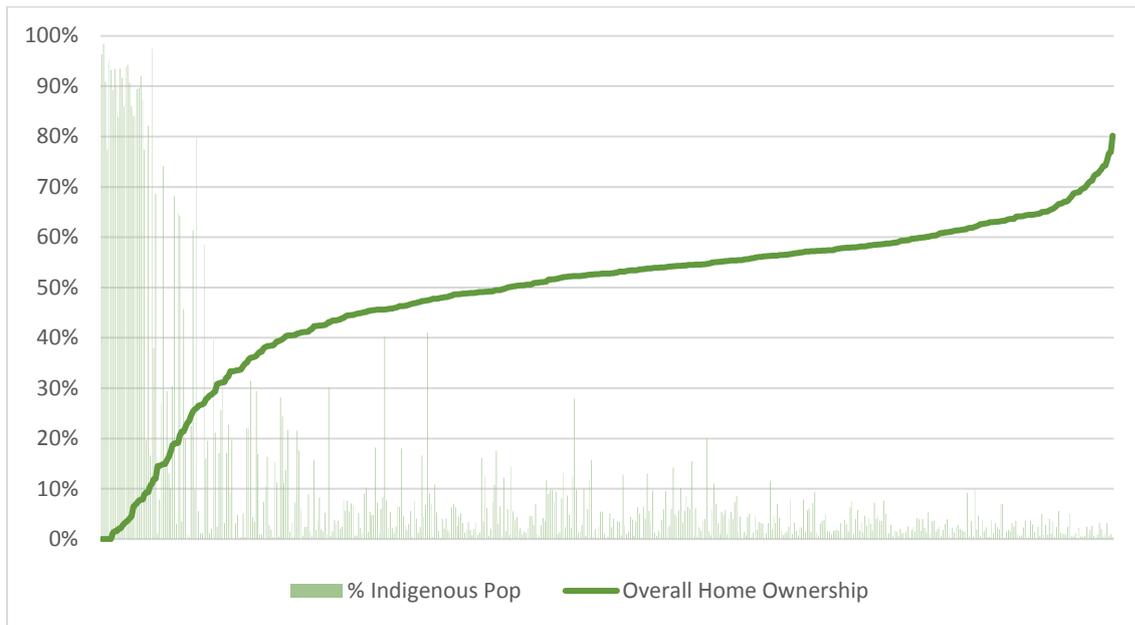
Source: ABS Housing and Population Data 2016

Integrating Indigenous Australians into mainstream private finance will be crucial to closing the housing ownership gap. Indigenous Business Australia (IBA), the body tasked with providing finance for new Aboriginal home owners, has an important role to play. Nevertheless, its capacity is highly limited. IBA has assisted 18,000 Indigenous families into home ownership since 1975.[26] However, 150,000 Indigenous household currently don't own their own home, suggesting that the scale of the problem is far beyond the remit of the organisation.

The lack of private property rights on Indigenous land also remains a major impediment to home ownership and wealth creation.[27] Under complex communal ownership laws, Aboriginal and Torres Strait Islanders cannot own their own homes, take out commercial leases, or use the land for collateral for loans. The laws also act as a deterrent to external investors, who are put off by the lack of security in tenure. This issue predominantly affects remote communities, where the lack of housing creates dangerous overcrowding.[28] Reforming land tenure to allow for private property rights must be given consideration as part of a wider 'housing' target.

Recommendation: Consider implementing a target focussing on Indigenous home ownership.

Question: *Should Indigenous culture be incorporated in the Closing the Gap framework? How?*

Cultural Capital and Tourism

In 2008 a submission to the Standing Committee on Aboriginal and Torres Strait Islander affairs argued:

> 'Governments should recognise that there is that advantage in a cultural business, culture should be seen as an opportunity for businesses, and it should be seen as a point of strength and not as constraint.'[29]

Ten years later this message remains important. Culture can undoubtedly provide a competitive advantage to Indigenous communities and businesses.[30] It is a resource that should be leveraged to increase the participation of Aboriginal and Torres Strait Islander people in the mainstream economy. It can have a particular benefit in the remote communities where economic exclusion is most acute.

There are multiple elements of Indigenous cultural capital that can be utilised in promoting economic development. Tourism is the most obvious of these. Research in Western Australia has shown significant demand from tourists for genuine Indigenous cultural experiences, but that the market is underdeveloped.[31] The Australian tourism sector has experienced substantial growth in recent years, with a record 8.26 million international visitors arriving in 2016.[32] Indigenous art and cultural products also form a key component of this market. Aboriginal art is world-famous and the demand for Indigenous products, such as traditional food, is growing.

Aboriginal Australians must capitalise on the unique brand offered by their culture and meet the market demand for genuine Indigenous experiences. The primary vehicle for this should be Indigenous owned cultural enterprises. This would bring a range of social and economic benefits to Indigenous communities,[33] contributing to an improvement of outcomes that will help close the gap. Such businesses could be particularly effective by building business and employment opportunities for remote communities. The global export of hand-painted crosses by the Indigenous women in the Ltyentye Apurte Community (Santa Teresa, Northern Territory) is a good example of this.[34]

Ensuring the intellectual property rights of Indigenous products and experiences is an important element of building this market. The misappropriation of Indigenous intellectual property has been an issue for decades. Numerous examples of fake Indigenous art can be found in tourist shops and airports across the country.[35] While initiatives such as the Indigenous Art Code have encouraged respect for products and artists,[36] there is no specific legal protection for Indigenous intellectual property. Enshrining the rights of Indigenous people over their intellectual capital will enable them to fully exploit the economic opportunities offered by their unique cultural brand.

Recommendation: Encourage the growth of Indigenous cultural businesses as part of business ownership/self-employment targets.

Recommendation: Affirm the intellectual property rights of Indigenous Australians.

The Centre for Independent Studies (CIS)

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