

This insane spending must stop

WARREN MUNDINE THE AUSTRALIAN JUNE 10, 2014 12:00AM



Illustration: Sturt Krygsman. Source: Supplied

ACCORDING to urban legend, Einstein said insanity is doing the same thing over and over, expecting a different result. Whether or not he actually said it, the statement is considered profound enough to be attributed to a genius. A variation is that insanity is repeating the same mistakes and expecting different results. To me this sums up the past 40 years of indigenous affairs.

In the past few weeks, the federal government, the Indigenous Advisory Council and I have come under fire because of a 4.5 per cent cut to indigenous spending in the budget — cuts to red tape, waste and bureaucracy.

I've also been attacked for suggesting we could achieve more savings by reducing waste and delivering services more efficiently, and then reallocate the money saved to more frontline services. If you believe some sectors of the media and social media, you would think I am calling for the destruction of indigenous people. What nonsense.

I'll illustrate using an example of indigenous housing.

Billions have been spent on indigenous housing. Yet remote indigenous housing is among the worst in Australia. Some areas are nothing short of slums.

This isn't the fault of the people who live in them nor the indigenous councils that have day-to-day responsibility for housing in some areas. The problem is a systemic failure of social housing delivery and management over decades.

The most recent example was the National Partnership Agreement on Remote Indigenous Housing announced by the Rudd government in 2008. This committed \$5.5 billion to remote indigenous housing over 10 years to reduce severe overcrowding, increase new housing supply, improve housing conditions and ensure proper maintenance.

So far, the program has spent \$2.5bn. You wouldn't know it. The new housing was overly expensive, poorly constructed and with a life span of 12 years or less. The value of the housing is deteriorating too quickly and maintenance programs are poorly designed and executed.

Severe overcrowding continues. I've visited communities that were beneficiaries of the program where I wouldn't have guessed the government had recently spent any money on housing.

It's hard to imagine billions spent with not much improvement. But it's a familiar story in - indigenous affairs. Money was spent on bureaucratic administration, systems and processes and wasted in delays, rework, poor project management and inefficiencies in tendering and building. Poor construction and maintenance also creates extra costs. And most of this \$2.5bn was paid to non-indigenous people.

No private housing developer could operate like this. They'd be out of business. Imagine instead an indigenous housing program run efficiently and effectively, like a private developer would run it. No waste. The housing meets building standards, has a long life span and is managed as an asset portfolio with a maintenance program to maximise asset life and maintain standards.

If we could deliver the program for, say, \$2bn instead of the \$2.5bn, that would be a \$500 million saving. Government then has two options.

It could cut the indigenous housing budget by \$500m because that money wasn't required. Or it could keep the budget intact and instead allocate \$500m to more housing, community infrastructure or services.

That's the approach I have been advocating recently, for which I've been accused of turning on my people.

In both scenarios, indigenous communities are better off because the housing is of good quality, well managed and longer lasting. In the second scenario, they're even better off.

If government announced a \$500m spending reduction on indigenous housing there would be an outcry on Twitter and the ABC. Some commentators and media pounce on any decision to spend less money and blindly assume it will harm indigenous people. Before long it's an internet meme, so it must be true.

Shame on the lot of you. Where was your outrage when government wasted \$2.5bn on substandard homes?

Eliminating waste and de-funding failed programs means spending less. That's the point. But we won't solve the problems plaguing indigenous communities if we fund waste and failing programs.

If money was the solution to closing the gap it would be closed already. Governments have spent vast amounts and continue to do so. Every two years since 2010 the Productivity Commission reports on indigenous expenditure by all governments. In 2009, spending on indigenous-specific programs and services was \$5.1bn. In 2011, it was \$5.5bn.

On a conservative estimate, governments have spent more than \$40bn on indigenous-specific programs over the past decade. And that doesn't include services for all Australians that indigenous

people also receive, such as Medicare.

And what do we have to show for it? An indigenous population that is the poorest, worst educated and unhealthiest group of people in Australia; and a whole industry built on indigenous disadvantage.

What I have proposed isn't radical — it's obvious. We keep repeating the same mistakes expecting a different result. It's time for sanity to prevail.

Nyunggai Warren Mundine is chairman of the Prime Minister's Indigenous Advisory Council.

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