

**YOTHU YINDI**  
FOUNDATION



**Garma**

**2 – 5 August, 2024**

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12 October, 2023

Chairman  
Productivity Commission  
Locked Bag 2, Collins St East  
Melbourne Vic 8003

Dear Sir,

The Yothu Yindi Foundation ([yyf.com.au](http://yyf.com.au)) represents Yolngu people from East Arnhem. Its mission is for Yolngu and other Indigenous Australians to have the same level of wellbeing and life opportunities as non-Indigenous Australians. Our submission represents the perspective of our Indigenous community within NE Arnhem Land, YYF members and our Board of Directors.

For the purpose of this submission, we ask that you keep in mind our geographical location in very remote East Arnhem Land in the Northern Territory.

Data from the 2016 Census reveals the Yolngu population was 8,869, with a gender balance of 49.6% male and 50.4% female, and a median age of 24, compared to a national median in June 2022 of 38.5. Northern Territory health data published in 2020 found that in East Arnhem Land, 58 per cent of people were in overcrowded housing and 29 per cent were homeless. In East Arnhem Land the median age at death of Aboriginal people is 54.5 years.

Yolngu matha is the native tongue of the Yolngu people of this region, English being the second language spoken in our homes. Other Indigenous language groups numbered 5 at the 2016 ABS Census and there are 13 clan groups residing on country across East Arnhem.

We hope our advice is informative and can assist with creating future methods to more effectively impact Closing the Gap Targets in the immediate future.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Denise Bowden'.

Denise Bowden  
Chief Executive Officer

## SUBMISSION TO PRODUCTIVITY COMMISSION

The established system of government and administration in the Northern Territory has failed Aboriginal people.

The result is that Aboriginal Territorians are some of the sickest, the most incarcerated, the least educated and the most impoverished people in the western world. At the same time, non-Aboriginal Territorians enjoy some of the highest household wages and best living conditions in the western world.

The Territory, despite its continuing idea of itself as a frontier place, is now dominated by an administrative class, mostly non-Aboriginal, which is funded in the main by funding transferred from the Commonwealth to the Territory to tend to the impoverishment and needs of a disadvantaged underclass, who as a population are almost exclusively Aboriginal people.

The current system is established to *administer* the disadvantage, not to *address* the disadvantage or its underlying causes.

In this submission YYF highlights a number of detailed challenges for consideration:

- The GST Distribution Model
- Historical deficits
- Structural inequities
- The broken education system

## THE GST DISTRIBUTION MODEL

A major contributor to the current state of affairs is the Commonwealth's GST Distribution Model which is administered by the Commonwealth Grants Commission and is now responsible for approximately 80% of the Territory's income. The other 20% of Treasury funds are earned by the Territory from own revenue.

The GST Distribution Model agreed by the Commonwealth with the States and Territories in 1999, and implemented in 2000, means that the higher the need (or disadvantage), the greater the funding that will be transferred from the Commonwealth to the Territory.

However, this model is designed to keep a jurisdiction 'as is', and does not provide the means for a State or Territory to take steps to deal with fundamental deficits that impair economic development and service delivery.

That 'development' of a State or Territory is meant to be borne by that jurisdiction itself from its own revenue that is to be generated by royalties and taxes from economic development. In other words, the GST Model is intentionally capped, so States and Territories are incentivised to create the conditions for economic development, therefore building the economy and creating jobs and their own revenue.

This means that under the GST Model the appalling socio-economic conditions experienced by Aboriginal people will continue 'as is' in perpetuity.

Further, the GST Model has developed such that disadvantage is a valuable commodity, capable of generating four or five times the revenue for the Territory compared to an individual in other States and that revenue is not tied to place, need or purpose.

In 2022/23 the Northern Territory will receive \$4.87 per person<sup>1</sup>. In comparison

Victoria	0.85c
New South Wales	0.95c
Queensland	\$1.05
Western Australia	0.70c
South Australia	\$1.28
Tasmania	\$1.85
Australian Capital Territory	\$1.09

In YYF's submission:

- The GST Distribution Model is not fit for purpose and is now the primary government policy mechanism that is maintaining the disadvantage in the Northern Territory.
- The fact that the GST Distribution Model commodifies Aboriginal disadvantage without seeking to address the disadvantage by having funds tied to purpose or place should be subject of specific findings by the Productivity Commission.

<sup>1</sup> Occasional Paper 5: GST Distribution to States and Territories in 2022/3, *Commonwealth Grants Commission*: <https://www.cgc.gov.au/sites/default/files/2022-04/Occasional%20paper%205%20-%202022%20Update%20-%20Final.pdf>

## The distortion of the GST Model in the NT

There are two factors that immediately distort the GST Model:

- The GST funds are distributed untied and without any designated purpose. The funds (\$3.644 billion in 2022/23)<sup>2</sup> are then controlled by the Legislative Assembly of the Northern Territory. Government in the Territory is usually formed by the party holding the most seats in our capital city, meaning that the needs of those urban electorates are prioritized over the needs of remote and regional places. There are numerous examples of this type of spending within the supporting documentation provided.
- The public service in the Northern Territory is top-heavy with bureaucrats and administrators, and light on for front-line workers by comparison to other jurisdictions. This administrative class lives mostly in Darwin or Alice Springs and with the 25 elected members of the Northern Territory Legislative Assembly is in control of the GST funds distributed to the NT ((\$3.644 billion in 2022/23).

The implications of this are somewhat unique to the Northern Territory and are far-reaching.

The large size of the public service give this cohort significant electoral power, as well as enormous administrative and regulatory control in the Territory, including in relation to spending priorities. On top of this, the Territory's elected members are often drawn directly from this bureaucracy.

This deters local politicians from implementing reforms or proposing cuts to the public service. On the flip side, policies that benefit the places that public servants live (mostly Darwin and Alice Springs) are rarely met with resistance or serious critique.

The inevitable impact of these distortions is that funds which are sent to the Territory based on disadvantage are redirected for urban or other political priorities. Lack of transparency and accountability mechanisms to judge the efficiency compounds the problems.

It's a system which traps Aboriginal people in an endless cycle of deficit and despair, as the worse the disadvantage, the more untied GST funds are sent to the Territory.

So rather than incentivising economic development and growth, the GST Model incentivises disadvantage and a focus on maximising GST payments. There is no penalty for failing to address disadvantage, only reward.

On this ground alone, the GST Model should be immediately revised in relation to its application to the Territory.

## HISTORICAL DEFICITS IN THE NT

Aboriginal people and Traditional Owners such as YYF's members have always been a major part of Territory life. But the places Aboriginal people live and continue to live are overlooked, and have never been given the funds necessary to create a level playing field of infrastructure or adequate services.

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<sup>2</sup> The Northern Territory receives a greater GST distribution than Western Australia and Tasmania.

The Territory's history of settlement and post-War development is unlike other States and Territories. Because of its large size, remoteness, lack of fertile soils and difficult climate, the NT was never developed like other States. Basic nation-building work was never carried out.

The focus has never been on the development of *regional economies* or on creating the environment for *regional economies* to grow and prosper. Rather the post-War focus for development in the Territory was on mining and the development of major mines like Groote Eylandt Manganese Mine, the Gove Bauxite Mine and Alumina Refinery, and the Ranger and Jabiluka Uranium mines.<sup>3</sup>

In the 1970's and 1980's the NT's focus was on major urban centres, tourism and the non-Aboriginal pastoral estate. Darwin was redeveloped after Cyclone Tracy and Alice Springs and Yulara saw development initiatives around the time of Self-Government, including with the building of Yulara near Uluru. Since the early 2000's and due to distortions in the GST Model, Darwin continues to receive the bulk of attention and investment.

Today, like in the past, the Territory does not have the infrastructure main-frame to develop its regions. Rather, the NT has old and collapsing infrastructure that is a major drain on Treasury resources today.

Another anomaly or distortion is that the collapsing infrastructure supports an economy based on civil maintenance works. This is supported politically because of the jobs that attach to infrastructure maintenance – particularly maintenance of the deteriorating arterial road network that is not fit for purpose.

Historical deficits that pre-date self-government (and remain since self-government) continue to have powerful impact. These deficits cannot be addressed because the current system is not positioned nor is it designed to address them.

### **STRUCTURAL INEQUITIES ARE NOW PERMANENT**

As YYF has shown previously, structural disadvantage in the NT is not one-dimensional. It is now baked into numerous levels of the administration and governance of the Territory.

Though the GST Model is a primary contributor and perpetuator of disadvantage, the blame cannot be laid at the feet of any funding model, or one government, or one statutory agency.

The problem is systemic; from the way in which funds sent for disadvantage are untied and able to be lawfully spent on the needs of wealthier citizens, to the way in which Aboriginality is used as a one-size fits all method to send funds to jurisdictions, even when it is widely accepted that there are massive gaps in the living conditions of Aboriginal people in urban areas and Aboriginal people in remote areas.<sup>4</sup> Or the way in which Western Australia has been able to carve out guaranteed funds from the GST pool when it is running enormous surpluses.

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<sup>3</sup> Today, Ranger and Jabiluka closed in 2021; Gove is in its final 5 years, and Groote Eylandt will follow a few years behind Gove. Within a next decade the Territory will have lost its three main sources of revenue as well as the towns that co-located with each mine.

<sup>4</sup> As YYF has been said before, a professional person who is Aboriginal and lives in Sydney, lives a very different life from an unemployed person who lives at Ramingining. One might be on \$150,000, have prospects of promotion and own a house; the other might be on Centrelink, live 15 to a shouse and have virtually zero prospects of employment because there is no employment and, in any event, the individual, did not have access to effective schooling.

Yet the State or Territory government will receive the same amount from the Commonwealth irrelevant of circumstance or background.

The NT's single-house Parliament and electoral system are factors, too. As stated above, there is simply no political will to properly address disadvantage in the Territory when a Member of Parliament is fundamentally beholden to the voters that administer the disadvantage, rather than those who experience it, advised by a public service that controls and benefits from the system.

The role of the Commonwealth in creating this situation has been referred to by ex-Chairman of YYF, Yunupingu who wrote in his July 2016 essay *Rom Watangu*:

*In the 1970s the federal government gave the Northern Territory the power of self- government with the ability to pass its own legislation. I thought at that time this decision had just come out of nowhere. It took the people of Arnhem Land by surprise, as it was made without discussion.*

*Then two things came, halting our progress and our initiative. The federal government started a process, which is still continuing to this day, of cutting its ties with, and its responsibility for, Yolngu people. It handed over our trust to a new Northern Territory government. And then it gave us a form of welfare which killed off the whole idea of self-management.*

### **A BROKEN EDUCATION SYSTEM**

YYF has highlighted the broken education system in the NT as a real life example of the way the system impacts upon Aboriginal people.

The parlous state of the education system in the Territory is no secret. There have been numerous reports, reviews, and critiques. YYF's 2017 submission raised our concern for the future of education in the NT and we again reiterate our first-hand experience dealing with education in the north.

North East Arnhem Land experiences firsthand the devastating deficits in education that are endemic in remote and regional NT.

After a decade of dealing with the NT Education Department, YYF turned to an independent model and became foundational partners with private school Barker College NSW to create T-6 Dhupuma Barker school in Ganyagara, Arnhem Land. Now in its third year of operation, Dhupuma Barker has delivered significant results, achieving and maintaining outstanding attendance rates and providing a learning environment that has seen the children thrive. Community control has been a critical part of the success, including in relation to the development of curriculum.

Dhupuma Barker was barely two years old when a group of students placed fourth at the national school robotics championships in Sydney, a performance which earned them a spot at the world championships in Dallas Texas, US in May this year.

This is an example of what can be achieved with equality of opportunity, and a testament to what's possible when program and service providers are truly in sync with the local community and prepared to engage in a genuine partnership. But the unfortunate reality is that Dhupuma Barker is an exception, not the rule.

It is noteworthy to see a shift taking place where Indigenous schools in remote communities are moving away from the public schooling system to partner with private schools for flexibility and increased ownership in their children's future.

## SUMMARY AND RECOMMENDATIONS

The Yothu Yindi Foundation submits that deep structural reform is required concerning the way the Australian federation operates in relation to Aboriginal and Islander people, starting with the GST Distribution Model.<sup>5</sup>

This Model entrenches and formalises the deep disadvantage experienced by Aboriginal people in the Territory, and is magnified by a range of other inequities and structural realities.

In the absence of deep structural reform, the work of the Productivity Commission in reviewing Closing the Gap outcomes will remain endless, the disadvantage being studied will remain in perpetuity, and the work of the Commission will continue year in, year out.

This disadvantage is now overwhelming the system in the Territory, both in plain view and hidden from sight. We see the crime and dysfunction in Alice Springs and parts of Darwin and are familiar with never ending issues in the criminal and juvenile justice system and with the high rates of youth suicide. Our young people are taking their own lives in frightening numbers – the gravest expression of powerless-ness and the loss of hope.

In urban areas there is a growing backlash from residents who want “long grassers” or “itinerants” removed from their areas. But there is no reason for individuals or families to return to remote areas which lack housing, services, amenities, and jobs; and who cannot afford food at the local store while on welfare.

Yet, to live in Darwin is to enjoy some of the highest incomes and the best that life can offer in Australia.

YYF proposes the following:

- Reform GST Model.

There needs to be immediate reform to the way the GST Model applies to the Northern Territory. Funds must be tied to place and to need. Aboriginal people must be given agency and decision-making authority. In northeast Arnhem Land for example, the Dilak Council 13 clan cultural authority already plays this role and should be empowered to guide the expenditure of funds for all purposes.

- Education Reform.

Major reform of education in the Northern Territory. The Department of Education and its system are failing children outside the major urban centers. Local community-controlled schooling should be mandated in regional and remote communities. New models must be explored and a review of the curriculum must take place under community-led control.

- Infrastructure Fund:

The Commonwealth initiate a major billion-dollar infrastructure fund that can be

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<sup>5</sup> [https://www.cgc.gov.au/sites/default/files/2021-11/the\\_gst\\_distribution\\_model\\_1.pdf](https://www.cgc.gov.au/sites/default/files/2021-11/the_gst_distribution_model_1.pdf)

deployed towards the basic infrastructure needs of the remote regions of the Northern Territory. This includes:

- Building housing and related civil infrastructure to address the rampant overcrowding and homelessness in the NT;
  - Building the power, water and sewerage infrastructure in towns which are all below Australian standard, which restrains development and constructions activities;
  - Building arterial roads such as the Central Arnhem Highway and the Daly to Pt. Keats road to unlock economic potential in the regions and reduce cost of living pressures; and
  - Building municipal and civic infrastructure such as multi-purpose community buildings, libraries, resource centers and sports facilities.
- Township Leasing.

To facilitate secure investment in infrastructure, YYF recommends a renewed focus on Township Leasing under the 2021 reforms to the Land Rights Act which secured the role of community-controlled township entities. Township Leasing gives community control, security of tenure and certainty for expenditure.

- Accountability Measures

Are required urgently to ensure funding from Commonwealth to State and Territory coffers is made transparent, to improve accountability and optimise government spending. It is important that Indigenous people and the most severely impoverished within our very remote regions are receiving their fair share of funds in line with the true purpose of the allocation.

There is a fundamental failure in the way the Northern Territory is structured to work for better outcomes. Our people suffer because of these failures of governance and administration.

YYF is committed to a long-term effort to work alongside the Commonwealth and Territory governments to address the issues outlined in this submission and to make life better for Aboriginal and Islander people.



## SUPPORTING DOCUMENTATION

### NT News

Has Badly needed cash for the Territory bush been hijacked?

<https://www.dropbox.com/scl/fi/uwu93cnpf7gleh1gqyhij/NT-News-Matt-Cunningham-13-January-2018.pdf?rlkey=8sg35k74cd03ndzs0oh2zb2ut&dl=0> 13 January, 2018

NT students' significant underperformance for NAPLAN 2023 revealed

<https://www.dropbox.com/scl/fi/owm9g5koq3cmqpxqh8nfe/NT-News-NAPLAN-Revealed-August-2023.pdf?rlkey=p4akg3qtx2bp4p5qix5i9g4y9&dl=0>

August, 2023

### Invest NT

[Darwin Ship Lift | Invest NT](#), 8 September 2023

### Sky News

<https://www.dropbox.com/scl/fi/xhqyy4u6qza0cf9p9f6xn/Sky-News-Funding-Northern-Territory-071023.mp4?rlkey=aawh5xkbqt3b65lycb5pd9ydl&dl=0>

7 October, 2023

### The Australian Newspaper

Education Crisis in the Northern Territory. The Australian Newspaper, September 2023

<https://drive.google.com/drive/folders/1oYPAVUPVsaAlupmWXpUBhmEERIVjzOfe?usp=sharing>

### Channel 9 News

'They're incredibly brave': How a remote primary school in Arnhem Land took on the world with their robotics

[Dhupuma-Barker College: Arnhem Land Primary School takes on the World Robotics Championships \(9news.com.au\)](https://www.9news.com.au/news/education/dhupuma-barker-college-arnhem-land-primary-school-takes-on-the-world-robotics-championships)

May 7, 2023

### Courier Mail

Future NT 2023: The problem facing NT schools, September 4, 2023

<https://www.dropbox.com/scl/fi/zkot3y6px2upkrd2gb7q3/Courier-Mail-Future-NT-2023.pdf?rlkey=asrv3470nf8e3dvp935hxmx4z&dl=0>