

HOW TO MAKE REAL PROGRESS IN CLOSING THE GAP

Randomised trials can help discover what policies can actually work in Indigenous affairs, says **Ross Farrelly**

It is fair to say that the problem of Indigenous disadvantage has so far proved too hard for any government to solve. Whether measured by life expectancy, educational attainment, employment or serious disease, the gap between Indigenous and non-Indigenous Australians is serious and lasting. As Peter Sutton puts it:

The trend of what is called 'Indigenous disadvantage' in Australia does not show enough signs of improvement in critical areas to allow for any further complacency about the correctness of existing approaches; indeed, many Aboriginal people, both in my personal observation over 30 years and also on the available statistics, have actually suffered a decline in well-being in recent decades.¹

The Rudd government commissioned the *Strategic Review of Indigenous Expenditure* to assess the efficacy of its Indigenous policies. After a long Freedom of Information case brought by the Seven Network, the contents of the review were released to the public in August 2011. The review concluded that despite spending more than \$3.5 billion a year on Indigenous programs, this 'major investment, maintained over many years, has yielded dismally poor returns.'²

... the history of Commonwealth policy for Indigenous Australians over the

past 40 years is largely a story of good intentions, flawed policies, unrealistic assumptions, poor implementation, unintended consequences and dashed hopes ... strong policy commitments and large investments of government funding have too often produced outcomes which have been disappointing at best and appalling at worst. Individual success stories notwithstanding, the circumstances and prospects on many Indigenous Australians are little better in 2010, relative to other Australians, than those which faced their counterparts in 1970.³

In light of these findings, it is fair to say that the very methodology being employed by governments to attempt to improve the lot of Indigenous Australians is flawed. Indigenous policy has been and continues to be developed through the standard government procedures and is in dire need of new and evidence-based policies.

Randomised trials

One such effective policy prescription is to use randomised trials to determine what strategies

Ross Farrelly works for a statistical software company. These are his personal views.

might actually work to improve Indigenous well-being based on rigorous testing and evidence. Randomised trials are a robust, rigorous and scientific alternative to current methodologies which have been used by parties on both sides of politics with no success.⁴

Since the 1950s, hundreds of randomised trials have been used to test social policies in countries from Afghanistan⁵ to Zambia,⁶ including 69 trials in Australia;⁷ however, no such trial has been conducted to assess the efficacy of Indigenous policy. Randomised trials were proposed during the planning of the Cape York Welfare Reform Trial, but it was decided that the methodology was not practical for the project.⁸ Nevertheless, there are numerous examples of Indigenous programs that are suitable for testing by randomised trials.

Take for example compulsory income management, or ‘income quarantining.’ This was first introduced into ‘prescribed’ Indigenous communities in the Northern Territory as part of the Northern Territory Emergency Response (NTER). The general idea is that a proportion of the recipient’s welfare payment would be quarantined to be spent only on essentials such as clothing, food or rent. The (unstated) hypothesis was that such quarantining would lead to less consumption of socially undesirable products such as alcohol, cigarettes and pornography.

Following the intervention, there was much debate over the results of such quarantining. Some argued that it had no effect⁹ while others said it showed some success.¹⁰ The success or otherwise of the intervention is not the main concern here. The point is that no objective measure was used to assess the success (or failure) of a program because the desired outcomes are never clearly stated in measurable terms in the first place.

Rather than introducing income quarantining to all prescribed communities, a better approach would have been to:

- Explicitly state the hypothesis behind the new policy, for example, welfare quarantining results in reduced sale of alcohol in a community within six months of its introduction.

- Measure the base line level in the prescribed communities to record the level of alcohol sales before introducing policy changes.
- Randomly assign welfare quarantining to half the communities and leave the other half as is.
- After six months, measure the level of alcohol sales in the two groups (the control group and the treatment group) and use statistical analyses to test for differences in the two groups.

If there is a significant difference, it can be assigned to the difference of policy since the two groups are otherwise as alike as possible due to the randomisation. If there is no difference, we can conclude that welfare quarantining has no effect on alcohol sales and it can be eliminated as a possible policy to bring about this outcome.

Indigenous policy is in dire need new and evidence-based policies.

The advantages of this approach are numerous. First, policymakers are forced to explicitly state the desired outcome of the policy and how that outcome will be measured. This in itself can be very useful. Too many policies are designed with vague, immeasurable or poorly thought out aims. Focusing on the aim also encourages policymakers to think about other related consequences of the policy. If per capita alcohol sales decreased but the use of marijuana or other illicit drugs increased—would that be considered a success overall? Perhaps a drop in the per capita alcohol sales is not really the aim of the policy—if it’s not, what is?

Second, once a clearly stated and measurable aim has been established, it is easy to determine whether the policy has worked. The policy can then either be retained and rolled out on a wider scale or rejected. In either case, there would be progress made towards a workable solution instead of continuing to spend big money on failed policies.

The list of proposed solutions to the Indigenous problem is long. The following

hypotheses have been either implied or explicitly proposed by political parties, policy analysts, and commentators in the recent past. Testing by randomised trials can help vindicate or discredit the central hypothesis.

- Tighter restrictions on pornography lead to less child abuse.¹¹
- Restrictions on the sale of alcohol and kava lead to better health outcomes.¹²
- Licensing community stores improves the range and quality of groceries available and leads to better health outcomes.¹³
- Private ownership of land in Indigenous communities stimulates economic activity.¹⁴
- Homeownership in Indigenous communities improves school attendance.¹⁵
- Introduction of Opal fuel in remote communities reduces the incidence and impact of petrol sniffing.¹⁶
- ‘Focus schools’ improve educational outcomes for Indigenous students.¹⁷

Conclusion

According to the *Strategic Review of Indigenous Expenditure*, ‘Past approaches to remedying Indigenous disadvantage have clearly failed, and new approaches are needed for the future.’¹⁸ This article proposes a new approach to lend more rigour to Indigenous policymaking and evaluate the efficacy of a proposed policy. The *Strategic Review* also noted: ‘Robust evidence is lacking on the performance and effectiveness of many Indigenous programs.’¹⁹ The methods proposed in this article will address this shortcoming. If the federal government is serious about helping Indigenous Australians, it should adopt the methodology of randomised trials.

Endnotes

- 1 Peter Sutton, ‘The Politics of Suffering: Indigenous Policy in Australia since the 1970s,’ *Anthropological Forum* 11:2 (2001).
- 2 Phillip Coorey, ‘Billions spent but Aborigines little better off, says report,’ *The Sydney Morning Herald* (8 August 2011).

- 3 As above.
- 4 Ross Farrelly, ‘Policy on Trial,’ *Policy* magazine 24:3 (Spring 2008).
- 5 Dana Burde and Leigh Linden, ‘The Effect of Village-Based Schools: Evidence from a RCT in Afghanistan’ (The Abdul Latif Jameel Poverty Action Lab, 2010).
- 6 Nava Ashraf, Erica Field, and Jean Lee, ‘Household Bargaining and Excess Fertility: An Experimental Study in Zambia,’ BREAD Working Paper No. 282 (Bureau for Research and Economic Analysis of Development, 12 September 2010).
- 7 Andrew Leigh, ‘Randomised Policy Trials,’ *Agenda* 10:4 (2003).
- 8 Cape York Institute for Policy and Leadership, ‘From Hand Out to Hand Up—Volume 2’ (November 2007).
- 9 Marilyn Wise and Peter O’Mara Wise, ‘How has the Northern Territory Intervention affected Aboriginal health?’ *The Conversation* (10 August 2011).
- 10 Helen Hughes, ‘Overcoming Indigenous Disadvantage 2009,’ *The Spectator* (8 July 2009).
- 11 Senate House debates, Families, Community Services and Indigenous Affairs and Other Legislation Amendment (Northern Territory National Emergency Response and Other Measures) Bill 2007 Second Reading (7 August 2007).
- 12 FaHCSIA (Department of Families, Housing, Community Services and Indigenous Affairs), ‘Report on the Northern Territory Emergency Response Redesign Consultations’ (2009), 30.
- 13 As above, 45.
- 14 Helen Hughes, Mark Hughes, and Sara Hudson, *Private Housing on Indigenous Lands*, Policy Monograph 113 (Sydney: The Centre for Independent Studies, 2010), 19.
- 15 As above.
- 16 FaHCSIA (Department of Families, Housing, Community Services and Indigenous Affairs), *Petrol Sniffing Strategy*.
- 17 MCEECDYA (Ministerial Council for Education, Early Childhood Development and Youth Affairs), ‘Aboriginal and Torres Strait Islander Education Action Plan 2010–2014.’
- 18 Department of Finance and Deregulation, *Strategic Review of Indigenous Expenditure* (Commonwealth of Australia, February 2010).
- 19 As above.