

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates 26 May-6 June 2014

Prime Minister and Cabinet Portfolio

Department/Agency: Department of the Prime Minister and Cabinet

Outcome/Program: 1.1 Prime Minister and Cabinet

Topic: Transitional funding agreements Indigenous Affairs

Senator: Senator the Hon Jan McLucas

Question reference number: 264

Type of Question: Written

Date set by the committee for the return of answer: 11 July 2014

Number of pages: 7

Question:

1. It was confirmed during the Estimates hearing on 30 May 2014 that the Government has not made any decisions on the future funding of programmes beyond the transitional funding agreements currently in place for up to 12 months.
 - a. Has the department developed a timeline for the transition of programmes beyond the six or 12 month extension of funding agreements?
 - b. When can service providers expect to be informed of the future funding of their service beyond the six or 12 month extension?
 - c. Will there be an evaluation or review of programmes conducted during the transitional period? Will this review be conducted by the department? If so, provide the number and APS level of each department staff involved in the review process.
 - d. Could the department detail the process involved in the evaluation or review of Indigenous programmes and services?
 - e. What is the standard or outcomes against which service providers' performance will be measured in this review?
 - f. What is required of service providers during the transitional period and/ or review process?
2. The Minister for Indigenous Affairs confirmed during Estimates hearing on 30 May 2014 that a programme review had been undertaken.
 - g. On what date did the review begin?
 - h. What was the time frame for the review?
 - i. Who conducted the review?
 - j. How many department staff were involved in the review? Provide the APS level for each staff member.

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- k. Were each of the 4,000 current funding agreements assessed against standard criteria or outcomes? If so, provide the assessment criteria used in the review. If not, why?
- l. Will the review be made public? If not, why not?
- m. Have any programs been removed in their entirety as a federally funded program because of this process?
3. Could the department provide a list of all the services that are funded beyond the 12 month funding extension that will be honoured by the Government?
4. Could the department provide a list of all the services that are within the scope of transitional arrangements where their funding is yet to be guaranteed beyond the 12 months? Provide details of those providers who are on 6 month contract extensions and those who are on 12 month contracts.
5. Could the department provide a list of those services not being funded beyond 30 June 2014?
 - a. How many service providers opted not to continue on to a transitional funding arrangement?
 - b. How many services are not continuing due to underperformance? Please provide a list of those services.
 - c. What evaluation process was undertaken to determine that services were underperforming? What was the timeframe for this evaluation?
6. Could the department provide a list of one-off funding and one-off activities for the previous financial year?
7. Of the 4,000 funding agreements with the department, how many of them are service providers that have one-off funding year-in year-out?
8. If no decisions have been made about how to administer the \$239.5 million across existing Indigenous programmes, how was this figure arrived at?
9. What modelling was done by the department on the impact of \$239.5 million in cuts to Indigenous programmes?
10. The Minister stated during Estimates hearing on 30 May 2014 that the actual program cuts are “a 4.5 per cent efficiency dividend.” Could the department or the Minister explain why Aboriginal and Torres Strait Islander peoples are subjected to a 4.5 per cent “efficiency dividend” – 2 per cent higher than the Government’s 2.5 per cent efficiency dividend applied across other portfolios?
11. Have all service providers been notified of the changes to funding arrangements in the new transition period? How were service providers notified? On what date were service providers notified?

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12. Is there a designated staff member or unit within the department which has been identified to service providers as the point of contact for any questions or concerns about transitional funding arrangements?
13. Has a formal stakeholder consultation process been built into the Government's review of Indigenous programmes? Could the department provide an outline of the formal processes for engagement with affected service providers?
14. Many service providers have expressed very real and significant concerns about the uncertainty surrounding the future funding of their service, including the impact of ongoing uncertainty on their ability to retain or engage staff and plan over the longer term. Has a clear process about what will happen over the next 12 months with clear instructions on what is required from services been explained to providers? If not, why?
15. Is there a formal and documented strategy and/ or communications plan within the department to inform consultation with affected service providers and communities? If so, could the department provide the document(s)? Was this strategy formalised before the Budget? Was the strategy and/ or communications plan followed in the lead up to the Budget?
16. According to the Portfolio Budget Statement for Prime Minister and Cabinet, funding has been allocated to each of the five new programmes. Will this funding be allocated to service providers on a competitive basis? Is there a formal application process and timetable for service providers to apply for funding?

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Answer:

1. The Department intends to put in place grant selection processes in 2014-15 for grant activities under the new Indigenous Advancement Strategy. Further information will be provided to current service providers about this process in due course. Careful transition arrangements have been put in place to ensure service providers can continue to provide important services on the ground and have time to adjust to the new arrangements.

An internal review of Indigenous Programmes was conducted by the Department. Further answers about this review are provided in Question 2. It is expected that service providers will continue to deliver the activities they are contracted to deliver throughout the transition period.

2. The internal review of Indigenous Programmes began in October 2013 and ran to December 2013. The Department of the Prime Minister and Cabinet conducted the review of Indigenous Programmes. A team of 8 APS staff conducted the initial review drawing on the skills and expertise from other staff across the department.

- 1 Senior Executive Service Band 1
- 1 Executive Level 2
- 2 Executive Level 1
- 2 APS 6
- 1 APS5
- 1 APS3

The internal review process had two key elements:

1. identifying the large number of Indigenous specific programmes and activities transferred into PM&C to capture their objectives, funding profiles, activity components and interdependencies; and
2. developing a new programme structure to enhance the efficiency and effectiveness of PM&Cs programmes and policies.

Programme data was collected via questionnaire and subjected to a quality assurance process before being analysed. The consolidation process was also informed by an internal study of significant reviews of Indigenous expenditure and consultation with a number of internal and external stakeholders.

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From 1 July 2014, all Commonwealth Own Purpose Expenditure for Indigenous Affairs administered by the department of the Prime Minister and Cabinet will be invested through the Indigenous Advancement Strategy under one of the five new programmes.

3. All grants funded by the Department (including contract term) are available on the Department's website. <http://www.dpmc.gov.au/accountability/grants/index.cfm>
4. All grants funded by the Department (including contract term) are available on the Department's website. <http://www.dpmc.gov.au/accountability/grants/index.cfm>
5. Information about the number of service providers who opted not to continue to provide services, as well as, those who are not being continued due to performance concerns were tabled at the Estimates hearing on 30 May 2014. Underperforming organisations were identified through the department's normal programme management arrangements. Departmental staff are in constant contact with these organisations identifying areas of underperformance against funding agreements and requiring action to rectify these. These discussions occur over a considerable period of time.
6. All grants funded by the Department (together with expected completion dates) are available on the Department's website. Information about the number of service providers who were provided one-off funding was tabled at the Estimates hearing on 30 May 2014.
7. All grants funded by the Department, including organisation name, are available on the Department's website. <http://www.dpmc.gov.au/accountability/grants/index.cfm>
8. and 9

Existing Indigenous programmes are being replaced under the Government's Indigenous Advancement Strategy by five new administered programmes. New funding allocations will be achieved through the reduction of duplication, red tape and inefficiency by consolidating over 150 programmes and activities in the Indigenous Advancement Strategy.

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10. The 4.5 per cent reduction in funding will be achieved through a reduction of administration and red tape. Under the five new streamlined Programmes and the Remote Area Network there will be significant reduction of duplication of funding, of staff travelling from Canberra, and other administered and departmental savings which will improve service delivery and deliver outcomes in communities of greatest need.

To contribute to Australia's Budget bottom line, funding across all departments has been considered to ensure it is directed to priorities and the delivery of outcomes – Indigenous affairs is no different. Under the Indigenous Advancement Strategy, funding will be provided to organisations on the basis of results, with a commitment to less red tape through more streamlined funding arrangements.

11. Service providers were contacted by phone, email and/or letter in the days immediately following Budget.
12. Lead contact officers were nominated across the Department to phone or meet with all service providers receiving a contract extension or those organisations whose work was not one off and whose funding was not being continued. A 1800 number and email address were also provided to all service providers as part of post Budget emails and letters.
13. Yes. All affected service providers have been contacted regarding the transition process. A longer- term communication and Stakeholder Engagement Strategy for the Indigenous Advancement Strategy is being developed with key stakeholders.
14. Departmental staff have been in ongoing contact with service providers since the announcement of the new Indigenous Advancement Strategy. The Department intends to put in place grant selection processes in 2014-15 for grant activities under the new Indigenous Advancement Strategy. All current grant recipients will, subject to the new programme guidelines, have the opportunity to apply for these funds. Further information will be provided to service providers about this process in due course. Careful transition arrangements have been put in place to ensure that important work can continue on the ground while the new grant arrangements are put in place.

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15. A communication approach was agreed prior to the Budget to guide the transition phase (Budget night to commencement of the new programme on 1 July 2014) and this approach was followed.
16. Guidelines for the Indigenous Advancement Strategy are under development and will be published on the Department's website when available. Funding will be allocated according to the guidelines, once approved, and will be allocated to those providers and activities that produce the best outcomes for Aboriginal and Torres Strait Islander people. Further information will be provided to current service providers about this process in due course.