



Joint Committee of Public Accounts and Audit

Primary healthcare grants under the Indigenous Australians' Health Program (Auditor-General Report No.50 2017-2018)

15 August 2018

Opening Statement by Mr Grant Hehir, Auditor-General for Australia

1. Good morning Chair and Committee Members.
2. Thank you for the opportunity to appear before the committee today.
3. The Indigenous Australians' Health Program was established in 2014 through the consolidation of four existing Indigenous health funding streams administered by the Department of Health. It aims to provide Aboriginal and Torres Strait Islander people with access to effective high quality, comprehensive, culturally appropriate, primary healthcare services in urban, regional, rural and remote locations across Australia
4. Since 2015, grants of \$1.44 billion have been awarded under the program for the provision of primary healthcare services to Indigenous Australians, with 85 percent of that funding going to Aboriginal Community Controlled Health Organisations.
5. The Indigenous Australians' Health Program audit had a focus on performance information and accountability frameworks. In particular, the audit examined whether the department had implemented a performance framework that supported effective management of individual primary healthcare grants and enabled ongoing assessment of program performance and progress towards outcomes.
6. The audit found the department had not yet developed a performance framework for the program, although it had commenced work to design an evaluation program of the Australian Government's investment in Indigenous primary healthcare. In managing primary healthcare grants, the department had not used the available provisions in the funding agreements to set quantitative benchmarks for grant recipients. This limited its ability to effectively use available performance data for monitoring and continuous quality improvement. The audit made a recommendation that future funding agreements include measurable performance targets that

are aligned with program outcomes and that the department monitors grant recipient performance against these targets.

7. The audit also found that the department's design and implementation of the primary healthcare component of the program was partially effective as it has not yet achieved all of the Australian Government's objectives in establishing the program. In addition to achieving budget savings, key components of the program were the consolidation of existing separate Indigenous Health grant programs into one program and development of a new primary healthcare grant funding allocation model for implementation from 2015–16.
8. The objective of allocating primary healthcare grant funding on a more transparent needs basis will not be achieved until 2019–20, four years behind the timetable agreed by Government in establishing the program. However, the department has consolidated the program, supported it through coordination and information sharing activities and continued grant funding.
9. Most aspects of the department's assessment of primary healthcare funding applications and negotiation of funding agreements were consistent with the Commonwealth Grants Rules and Guidelines. The exception to this was the poor assessment of value for money regarding the majority of grant funds.
10. The audit made three recommendations. In addition to the recommendation on performance measurement mentioned above, the other recommendations were aimed at:
 - improving the quality of the department's value for money assessments; and
 - managing the risks involved in grant recipients using various clinical information software systems to support reporting of performance data to the department.
11. The department agreed with all three recommendations.
12. We would be happy to answer any questions the Committee may have.