

The Senate

Finance and Public Administration
References Committee

Commonwealth Indigenous Advancement
Strategy tendering processes

March 2016

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List of Recommendations

Recommendation 1

3.112 The committee recommends that future tender rounds are not blanket competitive processes and are underpinned by robust service planning and needs mapping.

Recommendation 2

3.113 The committee recommends that future tendering processes should be planned strategically, with a clear sense of service gaps and community need based on consultation with local services and communities. A tendering or alternative funding process should be conducted in a manner which enhances the capacity of organisations to meet community needs.

Recommendation 3

3.114 The committee recommends that future selection criteria and funding guidelines should give weighting to the contribution and effectiveness of Aboriginal and Torres Strait Islander organisations to provide to their community beyond the service they are directly contracted to provide.

Recommendation 4

3.115 The committee recommends that where possible and appropriate, longer contracts be awarded to ensure stability so that organisations can plan and deliver sustainable services to their communities.

Recommendation 5

3.116 The committee recommends that the Department of the Prime Minister and Cabinet improve its overall Indigenous Advancement Strategy communication plan to ensure that all stakeholders are fully informed and have access to clear and timely information.

Recommendation 6

3.117 The committee recommends that the full internal review of the Indigenous Advancement Strategy process undertaken and facilitated by the Department of the Prime Minister and Cabinet be made public.

Recommendation 7

3.118 The committee recommends that the Government release the revised funding guidelines as a draft for consultation with Aboriginal and Torres Strait Islander communities and their organisations.

Recommendation 8

3.119 The committee recommends that Government prioritise investment in capacity building and support for smaller community controlled organisations in future tender processes.

Recommendation 9

3.120 The committee recommends that the Government act immediately to address the 30 June 2016 funding deadline for organisations.

Chapter 1

Referral

1.1 On 19 March 2015, the following matters were referred to the Senate Finance and Public Administration References Committee (committee) for inquiry and report by 18 June 2015:

The impact on service quality, efficiency and sustainability of recent Commonwealth Indigenous Advancement Strategy tendering processes by the Department of the Prime Minister and Cabinet, with particular regard to:

- (a) the extent of consultation with service providers concerning the size, scope and nature of services tendered, determination of outcomes and other elements of service and contract design;
- (b) the effect of the tendering timeframe and lack of notice on service collaboration, consortia and the opportunity for innovative service design and delivery;
- (c) the evidence base and analysis underlying program design;
- (d) the clarity of information provided to prospective tenderers concerning service scope and outcomes;
- (e) the opportunities created for innovative service design and delivery, and the extent to which this was reflected in the outcomes of the tender process;
- (f) the number of non-compliant projects, the nature of the non-compliance, if and how they were assisted, and how many of these were successful;
- (g) analysis of the types, size and structures of organisations which were successful and unsuccessful under this process;
- (h) the implementation and extent of compliance with Commonwealth Grant Guidelines;
- (i) the potential and likely impacts on service users concerning service delivery, continuity, quality and reliability;
- (j) the framework and measures in place, if any, to assess the impacts of these reforms on service user outcomes and service sustainability and effectiveness;
- (k) the information provided to tenderers about how decisions are made, feedback mechanisms for unsuccessful tender applicants, and the participation of independent experts in tender review processes to ensure fairness and transparency;
- (l) the impact on advocacy and policy services across the sector;
- (m) factors relating to the efficient and effective collection and sharing of data on outcomes within and across program streams to allow actuarial

analysis of program, cohort and population outcomes to be measured and evaluated;

- (n) the extent of contracts offered, and the associated conditions, to successful applicants;
- (o) the effect of mandatory incorporation under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* on Indigenous organisations receiving grants of \$500,000 or more per annum;
- (p) the effect and cost impact of delays in the assessment process and the extension of interim funding on organisations pending the outcome of the Indigenous Advancement Strategy; and
- (q) any other related matters.

1.2 The Senate subsequently granted an extension of the reporting date to 26 November 2015.¹ On 9 November 2015, the Senate granted an extension of time for reporting until 3 March 2016² which was subsequently extended to 16 March 2016.³

Conduct of the inquiry

1.3 The inquiry was advertised in *The Australian* and on the committee's website. The committee also contacted a number of relevant individuals and organisations to notify them of the inquiry and invite submissions by 30 April 2015.

1.4 The committee received 86 public submissions. A list of individuals and organisations that made public submissions, together with other information authorised for publication by the committee is at Appendix 1. The committee held public hearings in Canberra on 29 June 2015 and 1 March 2016. A public hearing was also held in Darwin on 16 February 2016. A list of witnesses who gave evidence at the public hearing is at Appendix 2.

1.5 Submissions, additional information and Hansard transcripts of evidence may be accessed through the committee website at: www.aph.gov.au/senate_fpa.

Acknowledgements

1.6 The committee thanks all the individuals and organisations that made submissions to this inquiry and appeared at the public hearing.

Background to the Indigenous Advancement Strategy

1.7 Streamlining of the government's Indigenous programs was suggested as an efficiency measure by the National Commission of Audit (NCA) in its Phase One report of February 2014, which recommended:

1 *Journals of the Senate*, No. 95 – 15 June 2015, p. 2644.

2 *Journals of the Senate*, No. 123 – 9 November 2015, p. 3308.

3 *Journals of the Senate*, No. 138 – 22 February 2016, p. 3749.

...significantly consolidating and rationalising Commonwealth Indigenous-specific programmes, bodies, committees, councils and boards, and ensuring programmes and reporting are focussed on outcomes. The existing 150 or so Commonwealth Indigenous programmes and activities should be consolidated into no more than six or seven programmes.⁴

1.8 The Department of the Prime Minister and Cabinet (PM&C or the Department) told the committee that groundwork for streamlining Indigenous programs had been carried out by the Australian National Audit Office (ANAO) and the Department of Finance.⁵ Ms Liza Carroll, Associate Secretary, Indigenous Affairs, PM&C, explained that the ANAO report:

...found that since July 2007 a total of 820 organisations had received funding from 84 different programs. On average each organisation had 4.5 funding agreements, and they were required to submit over 20,000 performance and financial acquittal reports, and that is the key driver for the reform. We acknowledge, though, that clearly it is a big step for organisations—in particular, Aboriginal and Torres Strait Islander organisations—to make the change.⁶

1.9 The 2014-15 Budget announced that all of the government's programs, grants and activities for Indigenous Australians would be rationalised and streamlined under the new Indigenous Advancement Strategy (IAS), which would be administered by PM&C.⁷

1.10 The 2014-15 Budget reported a \$534.4 million saving to the Indigenous Affairs portfolio through the rationalisation of Indigenous programs. According to the 2014-15 Budget papers, the rationalisation would eliminate duplication and waste.⁸ Savings from the health portfolio measures were to be reinvested in the *Medical Research Future Fund*, with the other savings redirect to repair the Budget and fund policy priorities.⁹

4 Recommendation 35 (a) of the *Report of the National Commission of Audit, Phase One – February 2014*, p. 177.

5 Audit report No. 26, 2011-12, *Capacity development for Indigenous service delivery*, 9 February 2012. Note that this report preceded the work of the NCA and its recommendations.

6 *Committee Hansard*, 29 June 2015, pp 44-45.

7 'Indigenous Affairs Programmes – rationalisation' in *Budget 2014-15, Budget Measures – Budget Paper No. 2 2014-15*, p. 185.

8 'Indigenous Affairs Programmes – rationalisation' in *Budget 2014-15, Budget Measures – Budget Paper No. 2 2014-15*, p. 185. The figure of \$534.4 million includes \$3.5 million in savings from the Torres Strait Regional Authority.

9 'Indigenous Affairs Programmes – rationalisation' in *Budget 2014-15, Budget Measures – Budget Paper No. 2 2014-15*, p. 185. See also, Ms Liza Carroll, Associate Secretary, Indigenous Affairs, Department of the Prime Minister and Cabinet (PM&C), Senate Finance and Public Administration Legislation Committee, *Estimates Hansard*, 30 May 2014, p. 78.

Implementation and objectives of the IAS

1.11 From 1 July 2014, over 150 programs previously delivered across a range of government portfolios were consolidated into five IAS funding streams, administered by PM&C, namely:

- Jobs, Land and Economy;
- Children and Schooling;
- Safety and Wellbeing;
- Culture and Capability; and
- Remote Australia Strategies.¹⁰

1.12 The stated objective of the IAS is to improve the lives of Indigenous Australians, with a particular focus on achieving this by:

- getting Indigenous Australians into work, fostering Indigenous business and ensuring Indigenous people receive economic and social benefits from the effective management of their land and native title rights;
- ensuring children go to school, improving literacy and numeracy and supporting families to give children a good start in life;
- increasing Year 12 attainment and pathways to further training and education (including higher education);
- making communities safer so that Indigenous people enjoy similar levels of physical, emotional and social wellbeing as that enjoyed by other Australians;
- increasing participation and acceptance of Indigenous Australians in the economic and social life of the nation; and
- addressing the disproportionate disadvantage in remote Australia.¹¹

1.13 The IAS is also intended to make the grants process more efficient and effective for applicants. In July 2014, PM&C released the IAS Guidelines to advise potential applicants for funding, which explained that:

The Strategy has been designed to reduce red tape and duplication for grant funding recipients, increase flexibility, and more efficiently provide evidence based grant funding to make sure that resources hit the ground and deliver results for Indigenous people.¹²

1.14 PM&C has stated that the IAS will be supported by the establishment of a dedicated Regional office network in PM&C:

10 'Indigenous Affairs Programmes – rationalisation' in *Budget 2014-15, Budget Measures – Budget Paper No. 2 2014-15*, p. 185.

11 'About: Indigenous Advancement Strategy' at www.dpmc.gov.au/indigenous-affairs/about/indigenous-advancement-strategy (accessed 20 June 2015).

12 IAS Guidelines, p. 3.

The IAS is supported by a new Regional office network in PM&C, which positions senior decision makers close to the people and communities they work with. Staff in the PM&C Network work closely with funded providers and communities to develop and implement local solutions to improve outcomes in the Government's priority areas.¹³

1.15 The IAS Guidelines provide further detail about the nature and purpose of this network:

Staff in the PM&C Network will engage with communities to negotiate and implement tailored local solutions designed to achieve results against government priorities. Implementation of the PM&C Network will commence from 1 July 2014 with a 12-18 month transition period.¹⁴

1.16 Further information on the network was provided in the submission from PM&C which included a map of the regional network:

The Department has refocussed its regional Network to spend more time working directly with communities to drive practical change. Network staff will play an integral role in grants administration. The Network has moved from a state and territory based structure to a regional model. The new model comprises 12 regions across Australia reflecting regional similarities in culture, language, mobility and economy.

The PM&C network comprises of a National Director, based in Canberra, and Regional Managers based in each region. The National Director oversees the Network. Network staff report to the National Director, through their Regional Manager, ensuring greater responsiveness and quicker decisions. Regional Managers have a leadership role in ensuring all activities support improved outcomes in Indigenous communities, and that programmes are meeting the objectives of Government.

There are 37 offices in capital cities, regional and remote locations (Attachment C). The Network has an additional presence in approximately 75 communities. The Network will work closely with communities and other local stakeholders to ensure the implementation of tailored local solutions to improve outcomes and support innovative solutions.¹⁵

Governance

1.17 The Minister for Indigenous Affairs has overall responsibility for administering the IAS, as outlined by the IAS Guidelines:

The final decision about grant funding will be made by:

- the Minister on advice provided by the Department; or
- the Department where the Minister delegates authority to the Department; or

13 'About: Indigenous Advancement Strategy' at www.dpmc.gov.au/indigenous-affairs/about/indigenous-advancement-strategy (accessed 20 August 2015).

14 IAS Guidelines, p. 3.

15 *Submission 48*, p. 9 and Attachment C.

- where funding is to perform representative body functions under the *Native Title Act 1993*, by the Secretary of the Department.¹⁶

1.18 PM&C is responsible for developing and disseminating all information and application material for applicants to funding rounds, in accordance with the aims and objectives of the IAS. The Department is also responsible for administering the application process and maintaining oversight of programs undertaken by successful applicants:

The Department will be responsible for notifying applicants of the outcomes of any Grant Funding arrangement process and will be responsible for responding to queries in relation to the application process, and for resolving any uncertainties that may arise in relation to application requirements. The Department will also manage the Grant Funding arrangements under the Strategy and undertake all assessment processes. The Department will also be responsible for all management and monitoring requirements of successful applicants in any process under the Strategy, including managing Grant Funding agreements.¹⁷

Total amount of Indigenous funding administered under the IAS by PM&C

1.19 The total Indigenous-specific funding currently managed by PM&C is \$8.5 billion, which consists of:

- \$4.8 billion over four years to the IAS;
- \$3.7 billion allocated through National Partnership Agreements, Special Accounts, Special Appropriations.¹⁸

1.20 The IAS Guidelines also make it clear that some funding for Indigenous programs remain with other departments and PM&C portfolio bodies:

A significant level of grant funding is also available through Indigenous-specific and mainstream programmes delivered by other agencies, as well as PM&C Indigenous Portfolio bodies.¹⁹

Accessing funding under the IAS

1.21 The IAS Guidelines state that funding for relevant programs can be accessed 'through a variety of means and at various times throughout the year'.²⁰ However, the guidelines make it clear that the 'bulk of funding' under the IAS will be delivered by 'open competitive grants rounds' that will:

...open and close to applications at nominated dates, with eligible applications assessed against the assessment criteria set out for the relevant

16 IAS Guidelines, p. 9.

17 IAS Guidelines, p. 9.

18 IAS Guidelines, p. 3.

19 IAS Guidelines, p. 3.

20 IAS Guidelines, p. 5.

outcome in the application kit, and then prioritised against competing, eligible application for the available grant funding.²¹

1.22 The guidelines also outline some further funding opportunities that are available under the IAS outside of the competitive grants rounds, namely:

- **targeted or restricted grant** rounds where the Department approaches particular, potential applicant or applicants and invites them to submit a proposal to deliver an outcome. Targeted grant rounds may be open to existing grant funding recipients as well as other entities. The targeted entities will be selected based on the specialised requirements of the outcome/s required. Targeted rounds will be open to a small number of potential providers based on specialised requirements.
- **direct grant allocation processes** where the Department directly approaches a new provider or an existing Grant Funding Recipient to expand their current service delivery and/or undertake new service delivery. In these cases, the Department may assess the grant funding recipients current performance and capacity to deliver an expanded service, or capability to deliver a new service.
- **a demand-driven process** where applications may be submitted at any time and will be assessed on a value for money basis against clear selection criteria.²²

1.23 Moreover, the guidelines also provide for PM&C to make 'one-off or ad hoc grants that do not involve a planned selection process, but are designed to meet a specific need, often due to urgency or other circumstances'.²³

Incorporation requirements

1.24 The IAS contains a new stipulation that organisations receiving more than \$500,000 in a single year from an IAS grant must be incorporated under Commonwealth legislation:

Organisations receiving grants of \$500,000 or more in a single financial year from funding administered by the Indigenous Affairs portfolio within the Department of the Prime Minister and Cabinet are required to incorporate under Commonwealth legislation.²⁴

1.25 Under this stipulation, Indigenous organisations must incorporate under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* (CATSI Act), and other organisations must incorporate under the *Corporations Act 2001* (Corporations Act).²⁵

21 IAS Guidelines, p. 5.

22 IAS Guidelines, p. 5.

23 IAS Guidelines, p. 5.

24 IAS Guidelines, p. 3.

25 IAS Guidelines, p. 8.

1.26 The IAS Guidelines state that organisations are permitted to apply for funding before becoming incorporated, but must incorporate within six months of being awarded funding, unless granted an exemption. The guidelines also make it clear that the costs of incorporating must be met by the organisation:

Organisations will have six months from the date of execution of the Agreement or contract variation to comply with the requirement. The Department may consider longer transition periods for organisations that can demonstrate that more time is required to comply with the requirement. Costs associated with the administration and registration of organisations transferring from one regulatory regime to another are to be met by the organisation.²⁶

1.27 Once incorporated, the IAS Guidelines stipulate that organisations receiving any amount of funding from future IAS grant rounds must continue to be incorporated bodies.²⁷

1.28 The PM&C website states that the requirement for incorporation is to ensure organisations receiving Commonwealth funding for Indigenous programs 'have high standards of governance and accountability'.²⁸ However, the Minister can make exemption to the requirement for incorporation on a 'case-by-case basis', taking into account 'information demonstrating that the organisation is well-governed, high-performing and low risk'.²⁹

Timeline for the first IAS funding round

1.29 The IAS commenced on 1 July 2014, when the government's 150 Indigenous programs were consolidated into five IAS funding streams administered by PM&C, as set out in the 2014-15 Budget.³⁰ PM&C released the IAS Guidelines on 1 July 2014, which set out the terms and conditions for applicants wishing to access funding.³¹

1.30 On 8 September 2014, PM&C announced there would be a six-week open, competitive grant round for funding under the IAS, commencing on Monday 8 September 2014 and closing at 2.00 pm AEST on Friday 17 October 2014.³²

1.31 In announcing the first IAS funding round, Senator the Hon Nigel Scullion, Minister for Indigenous Affairs, stated:

26 IAS Guidelines, p. 8.

27 IAS Guidelines, p. 8.

28 'Incorporation requirements' at www.dpmmc.gov.au/indigenous-affairs/incorporation-requirements.

29 IAS Guidelines, p. 9.

30 'Indigenous Affairs Programmes – rationalisation' in *Budget 2014-15, Budget Measures – Budget Paper No. 2 2014-15*, p. 185.

31 See Senator the Hon Nigel Scullion, Minister for Indigenous Affairs, 'A new era of Indigenous grant funding commences', 8 September 2014.

32 The Hon Nigel Scullion, Minister for Indigenous Affairs, 'A new era of Indigenous grant funding commences', 8 September 2014.

This first round will provide funding for activities that commence from January or July 2015 and provides the opportunity for organisations with a current funding agreement expiring in the 2014-15 financial year to apply for future funding...It also gives the opportunity for new organisations to apply for funding under the Indigenous Advancement Strategy.³³

1.32 The minister commented that the application process made it easy for applicants to apply for funding from more than one IAS stream:

Organisations will be able to apply for funding from one or more of the IAS programmes through a single application, and receive a single funding agreement...This will make it easier to apply and will reduce red tape with one funding agreement for multiple programmes and deliverables.³⁴

1.33 The minister also noted that stakeholders could call the local PM&C offices, on a 1800 telephone number if they had any questions about the IAS.³⁵

1.34 The Department outlined that public consultation was conducted throughout August and early September, and PM&C Network staff ran a series of public information forums for key regional stakeholders. An open information session was held at every location where the Department has an on-ground presence.³⁶

1.35 Following the closing of the application period on 17 October 2014, PM&C noted there were a substantial number of non-compliant applications received. The Department considered that the IAS would achieve a 'wrong outcome' if these applications were not included. Given this, the minister decided that the non-compliant applications should be included.³⁷

1.36 On 24 November 2014, the minister announced that more time was needed to assess the funding applications and that PM&C had identified 75 service providers which may not have applied for funding through the grant round. As a result the minister announced that organisations with contracts expiring on 31 December 2014 would receive a six month funding extension and outcomes from the round should be known in early March 2015.³⁸

33 The Hon Nigel Scullion, Minister for Indigenous Affairs, 'A new era of Indigenous grant funding commences', 8 September 2014.

34 The Hon Nigel Scullion, Minister for Indigenous Affairs, 'A new era of Indigenous grant funding commences', 8 September 2014.

35 The Hon Nigel Scullion, Minister for Indigenous Affairs, 'A new era of Indigenous grant funding commences', 8 September 2014. The 1800 helpline is discussed further in chapter 3.

36 *Submission 48*, p. 11.

37 Ms Carroll, PM&C, *Committee Hansard*, 29 June 2015, p. 53.

38 Senator the Hon Nigel Scullion, Minister for Indigenous Affairs, 'Indigenous Grant Round', Media release, 24 November 2014. The ad hoc nature of funding extensions and their effect on service providers, as well as on their staff and clients, is discussed further in chapter 3.

1.37 Following the announcement of the funding outcomes (\$860 million worth of funding allocated to 964 organisations to deliver 1, 297 projects) on 4 March 2015,³⁹ and while the negotiation of funding agreements was occurring, PM&C undertook a 'gap filling' process where possible gaps in service provision were conveyed through the following sources: negotiations with individual service providers around their contract; regional managers; and individuals/organisations which contacted PM&C directly. PM&C described this last process as 'less systematic'.⁴⁰ It would also appear that as well as contacting PM&C directly some individuals/organisations contacted the minister directly.⁴¹

1.38 On 24 March 2015, the minister announced that a list of organisations recommended for funding under the IAS had been published on the PM&C website. The minister noted that that contract negotiations were ongoing and funding amounts would be published when the negotiations are complete and details of each grant will be listed within 14 days of each agreement taking effect.⁴²

1.39 On 27 May 2015 the minister 'announced a number of additional grants aimed at providing longer funding agreements and ensuring that the service delivery gaps were filled'.⁴³ This announcement on 27 May 2015, increased funding by \$240 million to \$1 billion, with 996 organisations receiving funding for over 1, 350 projects. The minister stated that:

...the increase from the initial \$860 million was a result of the Government honouring its commitment to provide longer funding agreements for important frontline services and ensuring that any gaps that emerged as part of the round were filled as quickly as possible.⁴⁴

1.40 IAS funding was scheduled to commence on 1 July 2015. However, at the committee's hearing on 29 June 2015, PM&C told the committee that while 72 per cent of the funding agreements had been executed, 90 per cent of the negotiations were complete.⁴⁵

39 Senator the Hon Nigel Scullion, Minister for Indigenous Affairs, '\$860 million investment through Indigenous Advancement Strategy Grants Round', Media release, 4 March 2015.

40 Ms Carroll, PM&C, *Committee Hansard*, 29 June 2015, p. 53.

41 North Australian Indigenous Land and Sea Management Alliance, *Submission 59*, pp 9-10; Danila Dilba, *Submission 66*, p. 8.

42 Senator the Hon Nigel Scullion, Minister for Indigenous Affairs, 'IAS recommended organisations list released', Media release, 24 March 2015.

43 Ms Carroll, PM&C, *Committee Hansard*, 29 June 2015, p. 45.

44 Senator the Hon Nigel Scullion, Minister for Indigenous Affairs, 'IAS grant round investment totals \$1 billion', Media release, 27 May 2015.

45 Ms Carroll, PM&C, *Committee Hansard*, 29 June 2015, pp 45, 55.

1.41 In late June 2015, PM&C announced there would be 'an external review of the IAS guidelines and the processes associated with the 2014 IAS grant funding round', including consultation with key stakeholders 'over the coming months'.⁴⁶

1.42 The department also told the committee that an internal review was being undertaken by an independent consultant during July 2015, which would consider the PM&C's 'internal processes' including the planning and efficiency of the grants process, the Department's IT and system infrastructure, and relevant internal communication and administrative processes.⁴⁷

Structure of the report

1.43 The following chapters of this report cover the following issues:

- Chapter 2 discusses the program design and delivery framework; and
- Chapter 3 discusses the administration and reviews of the first funding round.

46 PM&C, Letter and fact sheet for peak bodies on IAS external review, Tabled Document 4, Canberra 29 June 2015; see also Ms Liza Carroll, PM&C, *Committee Hansard*, 29 June 2015, p. 45. These reviews are discussed further in chapter 3.

47 Ms Susan Black, First Assistant Secretary, Program Implementation Taskforce, PM&C, *Committee Hansard*, 29 June 2015, pp 56-57, 59.

Chapter 2

The Indigenous Advancement Strategy program design and delivery framework

2.1 This chapter covers the issues raised with the committee regarding the program design and delivery framework of the Indigenous Advancement Strategy (IAS).

Streamlining Indigenous programs

2.2 Some witnesses saw potential benefits in streamlining 150 programs for Indigenous Australians into the five IAS priority areas, as a way of making program delivery more flexible, as well as reducing red tape for funding applications. For example, Mr Mick Gooda, the Aboriginal and Torres Strait Islander Social Justice Commissioner, told the committee that when the program was announced, he thought it had:

...the potential to offer great benefit and flexibility for Aboriginal and Torres Strait Islander people. I believed that this approach could provide more scope to develop on-the-ground responses to the issues that confront our communities on a daily basis, and had the potential to move away from a one-size-fits-all mentality that has for so long confounded our people.

I believed that if done properly, this restructure had the potential to achieve the Australian government's stated aims of reducing red tape and cutting wasteful spending on bureaucracy, which would in turn translate to a greater share of funds being provided on the ground.¹

2.3 However, Mr Gooda reported that the 'high hopes' he had for the program had 'not fully materialised' as:

...[t]he changes have meant deep cuts, uncertainty, stress and anxiety for Aboriginal and Torres Strait Islander peoples.²

2.4 Similarly, Mr Les Malezer, Co-Chair, National Congress of Australia's First Peoples (National Congress), told the committee that:

We certainly have no problem with the objectives of streamlining or simplifying the process but, again as we have heard already, it was being attempted too quickly, too dramatically and in a way in which our people and communities have not yet been able to cope. We suspect that over the next 12 months we will see further fallout from the problems that have occurred in that.³

1 *Committee Hansard*, 29 June 2015, p. 1.

2 *Committee Hansard*, 29 June 2015, p. 1.

3 *Committee Hansard*, 29 June 2015, p. 35. See also Ms Kirstie Parker, Co-Chair, National Congress of Australia's First Peoples (National Congress), *Committee Hansard*, 29 June 2015, p. 37.

2.5 Mr Gooda told the committee that 'if [Indigenous] people have confidence in the outcome, we must also have confidence in the process'.⁴ He further explained the importance of stakeholders having faith in the transition to and implementation of the IAS competitive funding process:

...it was always understood that some organisations would be de-funded through this process, because governments come in and set priorities, which is the government's right, and some would miss out there. But my point to government was that when that happens even the organisations that miss out have to understand that they were treated fairly in the process.⁵

Lack of consultation and engagement with Indigenous communities

2.6 One of the overarching themes of evidence to the committee was that there had been a lack of consultation and engagement by government with Indigenous communities in the program design and implementation of the IAS. For example, Mr Gooda submitted:

Respectful engagement with Aboriginal and Torres Strait Islander peoples regarding these significant changes was conspicuous by its absence; there was little or no input from Indigenous peoples, their leaders or their respective organisations into the design or the implementation of the tendering processes.⁶

2.7 Moreover, Mr Gooda commented that there had been only limited consultation with stakeholders about how existing programs for Indigenous Australians were grouped into the five new IAS funding streams:

There was little or no consultation with those working on the ground about which programs and activities were best kept together, or which departments were best placed to administer them.⁷

2.8 Mr Rod Little, Director, National Congress, also reported that they had not been consulted at the beginning of the process and suggested there should have been greater involvement of Aboriginal and Torres Strait Islander people in the design and delivery of the IAS.⁸

2.9 These concerns were also shared by smaller organisations and service providers that made submissions to the inquiry. For example, Family Support Newcastle submitted that they were unaware of any consultation process, beyond a single information session about applying for funding:

4 *Committee Hansard*, 29 June 2015, p. 1.

5 *Committee Hansard*, 29 June 2015, p. 6.

6 *Submission 15*, p. 2

7 *Submission 15*, p. 6.

8 *Committee Hansard*, 29 June 2015, p. 38. See also Mr John Paterson, Chief Executive Officer, Aboriginal Peak Organisations of the Northern Territory, *Proof Committee Hansard*, 16 February 2016, p. 2; Mr Graham Dowling, Interim Chairman, Combined Aboriginal Organisations of Central Australia, *Proof Committee Hansard*, 16 February 2016, p. 35.

To our knowledge, there was no consultation with service providers at any stage about the nature of services or any other aspects of the tendering processes. There was an information session about the funding (which may have been called a consultation) but at no time were we invited to give ideas about how the program should operate or how the tender process should be implemented.⁹

2.10 Inala Wangarra also wrote that the IAS process failed to engage with Indigenous communities:

The Indigenous Advancement Strategy offered the rhetoric of working with Indigenous communities but failed, from the onset, to engage Indigenous communities and organizations operating at the coalface of service delivery. There wasn't a consultation process that offered Indigenous people the opportunity to participate in the development of the new reforms in Indigenous policy.¹⁰

2.11 The Aboriginal Health and Medical Research Council of NSW highlighted the need for more consultation in the design and implementation of Indigenous services:

[T]he development of innovative services requires careful planning and consultation. There are many things to consider when planning Aboriginal services, including community need, existing services, stakeholders and partners.¹¹

2.12 Some submitters to the inquiry commented that the transition to the IAS process had been a 'top-down approach', which was an ineffective way of engaging communities.¹² This theme was drawn out by Mr Gooda, who told the committee:

My sense was that it was a bureaucratic process of officers of the Department [of the Prime Minister and Cabinet] out there deciding what was need[ed] by communities, when in fact that is the opposite of what you should be doing. You should be engaging with the community to work out what the community is saying.¹³

2.13 Ms Liza Carroll, Associate Secretary, Indigenous Affairs, Department of the Prime Minister and Cabinet (PM&C or the Department), responded to criticisms of the extent of government engagement and consultation with Indigenous communities about the design and implementation of the IAS:

9 *Submission 5*, p. 1.

10 *Submission 11*, p. 3.

11 *Submission 12*, p. 1.

12 See Inala Wangarra, *Submission 11*, p. 3; Kimberley Institute, *Submission 16*, p. 45; Ms Henrietta Marrie, *Submission 19*, p. 5, 12; UTS Jumbunna Indigenous House of Learning, *Submission 22*, p. 3; The Hon Fred Chaney AO, *Submission 24*, p. 2; Kimberley Land Council, *Submission 30*, p. 3; Community Council for Australia, *Submission 34*, p. 4; WA Council of Social Service, *Submission 49*, p. 3; Reconciliation WA, *Submission 64*, p. 2.

13 *Committee Hansard*, 29 June 2015, p. 5.

The IAS came into being through a budget related process. Obviously those budget processes are more confidential. What we did in the lead-up to that budget process was...look at all the reviews and things that had gone before to get us to that place. Once the IAS was established we then communicated about the IAS and the next steps. We are taking on board the fact that people were asking for extra engagement and consultation in those early stages, which is why, through the review process, we want to make sure that we look at what engagement is needed before any future processes occur.¹⁴

2.14 Ms Carroll also acknowledged that the Department now realises more engagement should have been undertaken in the early stages of designing and delivering the IAS:

...we probably had underestimated the amount of effort that we are now realising was needed up-front. We recognised it needed some, but I do not think we had recognised the depth of that early enough.¹⁵

2.15 Ms Carroll added that PM&C had learned from this and were building in more robust engagement processes to the ongoing implementation of the IAS:

...the key thing for us, I think, is that we did not engage heavily enough at the beginning of the process. Post the budget decision and announcement, we did not have a consistent enough engagement plan and mechanism for engaging more broadly with service providers and the community more generally, and a plan to then build that into thinking about how we get from where we are to where we need to be. It was really about more not just communication but also engagement up-front, which is why we are making sure we have a much more consistent and thorough engagement process as we go forward.¹⁶

2.16 The Department told the committee that PM&C has set up a branch that will focus on not only the immediate reviews of the IAS but also will consider how 'broader engagement, communication and consultation' with stakeholders about the whole of PM&C's Indigenous program can be undertaken.¹⁷

Program design and framework

Transition timeframe

2.17 The committee received evidence that the timeline for the design and implementation of the IAS was too ambitious given the scale of the task and amount of change already occurring in the area with the shift of policy and program delivery to PM&C.

14 *Committee Hansard*, 29 June 2015, p. 46.

15 *Committee Hansard*, 29 June 2015, p. 55.

16 *Committee Hansard*, 29 June 2015, p. 69.

17 Ms Liza Carroll, Associate Secretary, Indigenous Affairs, Department of the Prime Minister and Cabinet (PM&C), *Committee Hansard*, 29 June 2015, p. 57. Note: the reviews being undertaken into the IAS are discussed in the following chapter.

2.18 The transfer of all Indigenous programs to the IAS administered by PM&C was announced by the government on 13 May 2014 as part of the 2014-15 Budget process.¹⁸ This announcement stated that the IAS would be 'implemented gradually' over the first quarter of the 2014-15 financial year.¹⁹

2.19 Subsequently, the IAS Guidelines released in July 2014 indicate the IAS was to be implemented from 1 July 2014 with a transition period of 12 months 'to allow continuity of frontline services and time for communities and service providers to adjust to the new arrangements'.²⁰

2.20 Mr Gooda drew attention to the scale of the changes to be achieved in the time frame:

Restructuring programs and funding processes, which will affect around 1400 organisations with over 3000 funding contracts, is complex and stressful. It is also time consuming and calls for a highly skilled and culturally competent workforce that is cognisant of the magnitude of this task.²¹

2.21 Mr Gooda added:

It will take time to build the administrative systems, acclimatise staff in the new structure within PM&C, and for Aboriginal and Torres Strait Islander peoples, already cynical and fatigued by change, to have confidence in the competence of those implementing these new arrangements.²²

2.22 In addition, as the National Aboriginal Community Controlled Health Organisation (NACCHO) explained in its submission, there were the administrative reforms within government, being undertaken in parallel with the policy reform:

[I]mplementation of the IAS to rationalise the 150 programs into 5 streams was a decision of Government. The shift of responsibility for Indigenous policies, programs and service delivery to PM&C from eight government agencies from September 2013 was significant. In this time a total of 19 months has expired. The Departments that previously had carriage for particular components of Indigenous Affairs were the Attorney General's Department, Department of Communications, Department of Education, Department of Employment, Department of Environment, Department of Health, Department of Industry, Department of Social Services and the Department of Human Services. Furthermore no consultation was had with front line service providers about the program design prior to shifting

18 Senator the Hon Nigel Scullion, Minister for Indigenous Affairs, 'Delivering our commitments for Indigenous Australians ', Media release, 13 May 2014.

19 Senator the Hon Nigel Scullion, Minister for Indigenous Affairs, 'Delivering our commitments for Indigenous Australians ', Media release, 13 May 2014.

20 IAS Guidelines, p. 3.

21 *Submission 15*, p. 1.

22 *Submission 15*, p. 1.

responsibilities or an assessment of the likely or unlikely policy implications of the IAS.²³

Lack of an evidence base

2.23 Submissions to the committee observed that there did not appear to be a clear evidence base for the program design of the IAS. For example, the Literacy for Life Foundation stated:

We are not aware of there being a strong evidence base for the actual model. The program logic, which connects the program areas to the policy outcomes, is not at all clear, as we discovered when we tried to make the work that we do fit into the particular program areas.²⁴

2.24 The Victorian Aboriginal Child Care Agency expressed serious concerns that the program design of the IAS lacked an evidence-based approach:

There did not appear to be any evidence base directing the changes to Commonwealth funding grants. Government policy including objectives were unclear seemed to be driving the complete revamp of Commonwealth funding to Aboriginal services. We seriously question the approach that was taken and wonder what the objectives of the Government were. Certainly, the way the changes happened and the overwhelming feeling in the Aboriginal community is one of being under siege, uncertainty and insecurity.²⁵

2.25 These views were supported by NACCHO

The decision to streamline the 150 programs into 5 areas without evidence or consultation about program design on such crucial programs is appalling.²⁶

2.26 At the public hearing, Ms Carroll, PM&C stated:

A lot of work that had previously been done through ANAO and the Department of Finance led to this policy initiative to streamline the funding streams. The ANAO had a report, *Capacity development for Indigenous service delivery*, which analysed [the Department of Families, Housing, Community Services and Indigenous Affairs' (FaHCSIA)] funding for Indigenous affairs. It found that since July 2007 a total of 820 organisations had received funding from 84 different programs. On average each organisation had 4.5 funding agreements, and they were required to submit over 20,000 performance and financial acquittal reports, and that is the key driver for the reform.²⁷

23 *Submission 70*, p. 9.

24 *Submission 26*, p. 2.

25 *Submission 45*, p. 5. See also NSW Aboriginal Education Consultative Group, *Submission 29*, p. 19.

26 *Submission 70*, p. 9.

27 *Committee Hansard*, 29 June 2015, pp 44-45.

IAS program design

2.27 The committee received some evidence in support of the concept for streamlining of 150 individual Indigenous programs into five broad programs. Reconciliation Australia was of the view that the IAS structure 'could potentially improve the effectiveness and efficiency of funding within Indigenous Affairs when properly implemented'.²⁸

2.28 Mr Gooda explained that he supported the reform because, potentially, it would create flexibility:

[W]hen you have 150 activities or programs there are 150 little boxes, and if you do not fit into one of those boxes you do not get funded. When there are five there is lots of flexibility and it is a matter of interpretation about how you address the core need of each of those programs. But I still support that. I still think it creates a lot of flexibility.²⁹

2.29 Mr Gooda cautioned that it was important to 'lead people through the process' and that it would take time for the new program structure, along with the broader changes to administrative structures and staffing, to 'settle'.³⁰

2.30 However, the committee also received evidence that IAS' five broad programs may not cover all the areas encompassed in the previous 150 programs. For example, Mr Robert Dalton, Policy and Research Advisor, Northern Land Council, commented:

I understand there are possibly 150 Indigenous-specific programs that have moved into five. In the context of the complexities of the systems and processes that government use, I think it is almost impossible to escape the conclusion that something would have fallen off the table. I am not suggesting that that is a deliberate intention from the government, but the amount of administrative work that would have had to go into that collapsing of 150 programs would suggest that it was inevitable that something would have fallen off.³¹

2.31 The Aboriginal Health and Medical Research Council of NSW stated that the streamlining of programs had caused confusion as it was not clear how existing programs were to fit into the 'very narrow scope of the options' in the IAS funding streams:

Drug and alcohol and social and emotional wellbeing programs were confused as to which section they fit and how their programs fit in to the IAS given they had been moved from the Department of Health. The Safety and Wellbeing program was very poorly described with no reference to the

28 *Submission 44*, p. 4.

29 *Committee Hansard*, 29 June 2015, p. 5.

30 *Committee Hansard*, 29 June 2016, pp 3 and 5.

31 *Proof Committee Hansard*, 16 February 2016, p. 7.

previously funded programs, its relationship to health and health service delivery or to existing policies and manuals/handbooks.³²

2.32 Mr Malezer, National Congress, gave a further example of programs dealing with youth issues as not seeming to fit in the IAS programs:

Remember, it is a very broad and flexible program now, and it has five priorities that the government has identified and so on. But one of the things that we were noticing just recently is what has happened to the attention to youth. There is this focus upon children and education, this focus on jobs and this focus on various things, but what can we see in there in relation to how our youth are going to be affected by this? Our youth are a very serious problem, not only because they are the generation of tomorrow but because we are facing high suicide rates, continuing incarceration, drug abuse and other things like that.³³

2.33 NACCHO argued that IAS funding did not cover advocacy and policy services as these services were not provided for in the five broad programs.³⁴ Literacy for Life also had these concerns:

...the five priority areas were framed up in a way that the work we proposed to do, raising adult literacy levels on a population basis, did not fit neatly inside. Yet, low levels of English language literacy within the Aboriginal adult population are incontrovertibly a major underlying determinant of problems in all the priority areas.³⁵

2.34 Ms Christina Davidson, Chief Executive Officer, Association of Northern Kimberley and Arnhem Aboriginal Artists spoke about the importance of culture and the need to recognise that importance in Indigenous funding. She highlighted the role of culture in driving success in a wide range of areas. She also argued that funding for cultural activities did not seem to be recognised as integral to the policy priorities of the government.³⁶

2.35 Mr Geoffrey Scott, Chief Executive Officer, National Congress, explained that he had tried to raise with PM&C some of the concerns he had regarding the program design, timing and streamlining:

When the program was first coming out, I was talking to Mr Gooda and had a few chats with the officers in Prime Minister and Cabinet. We were looking at some of the programs and citing the potential problems of the competitive tendering, of the way the program was designed, that they were trying to roll programs into five other programs and what the potential fallout and timeframes would be—trying to cite the potential problems and damage that was going to be caused. They were noted and ignored. Maybe

32 *Submission 12*, p. 2. See also Victorian Council of Social Service, *Submission 56*, p. 7.

33 *Committee Hansard*, 29 June 2015, p. 41.

34 *Submission 70*, p. 15.

35 *Submission 26*, p. 4.

36 *Proof Committee Hansard*, 16 February 2016, p. 53.

at this point the decision had already been taken and it was too late; I do not know.³⁷

Funding through a competitive tender

2.36 Evidence to the committee highlighted two concerns about the shift to a competitive tender model:

- that such a model disadvantaged Indigenous corporations; and
- that the model used did not recognise the enhanced outcomes of service delivery by Indigenous organisations.

Disadvantage to Indigenous organisations

2.37 The committee heard the view that the move to a competitive funding arrangement positioned small, Indigenous community-controlled organisations against well-resourced and experienced applicants, including large not for profit associations and the university sector.³⁸ It was argued that this shift to a competitive funding process was a significant change that many Indigenous organisations were ill-equipped to deal with. Mr Gooda advised:

Many organisations had neither the capacity nor the resources to put together the kind of application required with the tender, and those that did spent a significant amount of time and money to complete their application. I am aware that many of our organisations hired consultants just to complete their application process, many without successes.³⁹

2.38 Ms Lisa Briggs, Chief Executive Officer, NACCHO, agreed that the transition to a competitive process was difficult as:

...it was coming from what was an untendered process to now an open market tender process where [organisations and service providers] have to compete for funds. Historically we had lobbied really hard not to have that particular process or another process put in place because, historically, we had seen reduction either in funding or diversion from Aboriginal organisations to mainstream services. Hence we have had issues around reach and capability of mainstream services as to whether they were able to do that. So a lot of the angst comes from historical knowledge over the 45 years that our member services have been around.⁴⁰

2.39 Ms Kirstie Parker, Co-Chair, National Congress, also had some reservations about whether a competitive funding process was the best way of funding services for Indigenous Australians:

[C]ompetitive tendering on the face of it should be an acceptable process; however, the confidence that our members have around acceptance of and

37 *Committee Hansard*, 29 June 2015, p. 40.

38 See, for example, Inala Wangarra, *Submission 11*, p. 3.

39 *Committee Hansard*, 29 June 2015, p. 2.

40 *Committee Hansard*, 29 June 2015, p. 25.

value being placed on the expertise within our community organisations is less than perhaps it could be if things had been different historically over time. If the relationships that our organisations have within our communities and the involvement of local people in those organisations need to be appreciated and valued—as opposed to organisations that may not have anything to do with a particular community or a particular group of people that try to come in and impose a whole different set of values and a lack of appreciation for community nuance, histories and cultures—it might be a different situation.

... of course organisations have to be functioning well and there have to be expectations placed upon them. But in some cases we have had organisations doing a terrific job and clearly meeting the demands of the community and being supported by the community but being forced into a process of competitive tendering.⁴¹

2.40 PM&C acknowledged that the transition to the new arrangements has been a significant shift for many organisations delivering services to Indigenous communities. Ms Carroll, PM&C, explained the rationale for competitive funding:

The competitive funding round is one element of the broader IAS reform agenda. The IAS is designed to manage a more strategic investment in Indigenous affairs. The IAS also seeks to improve the way government does business, including simpler program management arrangements, less red tape and, in particular, fewer performance and financial and acquittal reports. The new arrangement seeks to provide more flexibility and a more consistent approach across the different program areas while allowing for local-level decisions and differences.⁴²

2.41 While some PM&C staff were made available to assist organisations with their applications, Ms Carroll admitted:

...even we had underestimated the breadth and difficulty for a number of organisations. Some of that is what contributed to the fact that we were not able to...finish our assessment process at the end of last financial year, because we had underestimated how difficult that transition would be for organisations.⁴³

2.42 However, Ms Carroll also reported that while difficult for organisations, the process will provide clarity around what is being funded and what outcomes are being achieved.⁴⁴

41 *Committee Hansard*, 29 June 2015, p. 38.

42 *Committee Hansard*, 29 June 2015, p. 45. See also Mr John Paterson, Chief Executive Officer, Aboriginal Peak Organisations of the Northern Territory, *Proof Committee Hansard*, 16 February 2016, p. 2.

43 *Committee Hansard*, 29 June 2015, p. 47.

44 *Committee Hansard*, 29 June 2015, p. 47.

No recognition of enhanced outcomes from Aboriginal led service delivery

2.43 Witnesses were concerned that the benefits of Aboriginal-led service delivery were not recognised in the process. For example, Family and Relationship Services Australia submitted that many applicants were dissatisfied with the weighting given in the IAS assessment process to established programs with connections to communities that were delivering good outcomes:

The lack of weighting, particularly with respect to developing and maintaining working relationship[s] with Indigenous communities and other relevant stakeholders disadvantaged organisations that had a long-standing history of working with communities and other local providers.⁴⁵

2.44 The Central Land Council (CLC) spoke of their concerns in this area:

The CLC remains deeply concerned that the IAS program design does not support Aboriginal people and their communities to determine funding priorities, nor adequately ensure that funding is directed to Aboriginal controlled service provision as a priority.⁴⁶

2.45 The CLC also highlighted the possible outcomes of this approach:

The CLC remains concerned about the consequences of the increasing use of non-Aboriginal nongovernment organisations (NGOs) in Aboriginal service provision, particularly in relation to the fragmentation of service delivery, lack of coordination with Aboriginal organisations and service providers, lack of genuine capacity development outcomes and indeed the gradual erosion, undermining and loss of Aboriginal-controlled organisations.⁴⁷

2.46 Aboriginal Peak Organisations of the Northern Territory (APO NT) were concerned that the competitive funding process may not take into account the benefits to government of funding Indigenous organisations, including lifting Indigenous employment rates, and fostering community self-reliance and responsibility:

The Aboriginal controlled organisations delivering these services are not only best suited for doing so, but provide the priority outcomes that the Government is seeking in terms of sustainable Aboriginal employment as well as experience and engagement in governance and management, and the development of community self-reliance and responsibility. Government investment would be better placed in supporting and funding the further development of these organisations based on demonstrated outcomes and quality assurance in governance, management and service delivery.⁴⁸

45 *Submission 57*, p. 11.

46 *Submission 65*, p. 2.

47 *Submission 65*, p. 3.

48 *Submission 72*, p. 8. See also Mr John Paterson, Chief Executive Officer, Aboriginal Peak Organisations of the Northern Territory, *Proof Committee Hansard*, 16 February 2016, p. 2.

2.47 Ms Parker, National Congress, stressed the importance of supporting and building capacity in Indigenous organisations, so they could continue to deliver more effective and appropriate services for communities:

Given our peoples clear expression of a desire for our people to be involved integrally in the services and the supports that are provided to our community, it goes to supporting the capacity of organisations to deliver those aspirations...No-one is going to deny that systems and processes cannot always be adhered to the maximum extent possible; however, if community organisations were supported to be able to build that capacity, that would provide a much higher level of comfort for our communities going forward. It should not be about penalising organisations that historically have been neglected in terms of funding and support; it should be about turning the relationship around and saying, 'What is it that you need to deliver to your communities and how can we help you build the scaffolding and struts in to underpin it?'⁴⁹

2.48 NACCHO questioned a process which did not appear to take into account the evidence of the success of Aboriginal Community Controlled Health Organisations:

The tendering process particularly the selection criteria surrounding ability to demonstrate outcomes for Aboriginal and Torres Strait Islander people is in question given the success that Aboriginal Community Controlled Health Organisations have been able to produce through evidenced-based NACCHO Report Cards on direct contribution towards Closing the Gap targets of 66% reduction in Child Mortality rates and 33% increase in Life Expectancy rates.⁵⁰

2.49 The CLC was also concerned that there may be a number of successful organisations with 'no expertise in delivering services to Aboriginal people'.⁵¹

2.50 In response to these concerns, the minister reported that 46 per cent of funded organisations were Indigenous and 55 per cent of IAS funding is going to Indigenous organisations.⁵²

2.51 Prior to this announcement of the final figures, the minister provided comparative figures indicating that under previous arrangements, as at December 2014, fewer Aboriginal organisations were funded (around 30 per cent). In addition, the minister acknowledged that 'non-Indigenous organisations such as universities, schools, pre-schools and large mainstream employers have always been an important part of the Indigenous service delivery sector'.⁵³

49 *Committee Hansard*, 29 June 2015, p. 38.

50 *Submission 10*, p. 5.

51 *Submission 65*, p. 12.

52 Senator the Hon Nigel Scullion, Minister for Indigenous Affairs, 'IAS grant round investment totals \$1 billion', Media release, 27 May 2015.

53 Senator the Hon Nigel Scullion, Minister for Indigenous Affairs, 'Minister Scullion: Greens not telling whole story on IAS funding', Media release, 5 May 2015.

Lack of clarity regarding spatial distribution of resources

2.52 The submission by Australians for Native Title and Reconciliation (ANTaR) also commented on the lack of engagement in determining the services required by a community and the limitations of competitive tendering in performing this function:

ANTaR is concerned about the extent of the process used to establish community need, particularly the extent to which Aboriginal and Torres Strait Islander people were engaged in establishing need, including any unfilled services gaps or duplication.

While ANTaR notes that there is also a 'demand driven' and 'ad hoc' funding process alongside the IAS competitive tendering process, it is nonetheless difficult to see how a competitive tendering process is able to meet community need in a targeted and appropriate manner.⁵⁴

2.53 ANTaR noted that PM&C had prepared regional profiles without appropriate consultation with local communities:

[Detailing] what services were provided for in each region, including what their needs were, what was currently funded and where the gaps were at the regional level.

ANTaR is concerned that there doesn't appear to have been a structured approach to engaging with communities in each region on their particular needs or whether they felt there were needs that are unmet.⁵⁵

2.54 PM&C explained to the committee how the spatial distribution of demand was determined and resources distributed to reflect that demand:

In terms of the grant funding round, we did a service print for each of our areas, and that was based on current service delivery, noting that...it was difficult to get a complete picture of Indigenous-specific funding across the country, across the myriad programs that existed before. We took as much information as we could from the agencies that logged in to PM&C and we did a service print for each of the regions. That was a core document that we did in terms of the grant funding round...In terms of the funding round, we had assessment panels that did each application. Concurrently, we had regional assessment teams set up as well. Every application for a region was looked at in the region in which it impacted as well. All of that information then went to our governance forum, which made recommendations to the minister.⁵⁶

2.55 PM&C also spoke about the development of regional profiles to assist with the assessment of applications:

...we also did profiles of each region in terms of demographics and population and various indicators of disadvantage so that when people were

54 *Submission 80*, p. 5.

55 *Submission 80*, p. 5.

56 Ms Susan Black, First Assistant Secretary, PM&C, *Proof Committee Hansard*, 1 March 2016, p. 12.

assessing the applications they knew not only the number of Indigenous people living in that particular location and the proportion of the population but also what were particular issues in those locations.⁵⁷

2.56 In addition, at the conclusion of the funding round PM&C indicated:

There was a process whereby once all the recommendations had been made and we had an initial set of recommended projects, we cut that by location and compared that sort of information to see whether some adjustments were warranted across the country and between projects. Some further advice to the minister came out of that final adjustment process.⁵⁸

Incorporation requirement

2.57 The IAS Guidelines state that organisations receiving more than \$500,000 of IAS funding in a particular year are required to incorporate under Commonwealth legislation.⁵⁹ The committee received evidence suggesting that this requirement would be time consuming and expensive for some Indigenous organisations. For example, Ms Briggs, NACCHO, told the committee:

That particular guideline...is not well accepted amongst [NACCHO members] for a couple of reasons: (1) the cost changes in going from one act to another, depending on the scale, size and capability within the organisation to do that; and (2) you have to rely on going to a special AGM to ensure that your members are going to pass that in the first place. So it is quite an onerous process that you might not be able to achieve, depending on the grant. I think what a few of our member services tried to do then to ensure that they would not be put in such a situation was they would apply underneath the threshold of the \$500,000.⁶⁰

2.58 Mr Gooda reported that this requirement had made some representatives of the Indigenous community feel that Indigenous organisations are being treated differently to non-Indigenous organisations applying for IAS funding:

The first problem is that Aboriginal organisations are treated differently. I think that the limit is \$500,000 worth of funding. Once you get to \$500,000 worth of funding, if you are non-Indigenous organisation, you have to incorporate with [the Australian Securities and Investment Commission (ASIC)]. If you are an Aboriginal organisation, you have to incorporate under the ORIC [Office of the Registrar of Indigenous Corporations] legislation. People just see that as limiting our choice. Why would you have it if we are all going to be treated the same? I think there could be some implications in the Racial Discrimination Act.⁶¹

57 Ms Elizabeth Hefren-Webb, First Assistant Secretary, Schools, Information and Evaluation, PM&C, *Proof Committee Hansard*, 1 March 2016, p. 12.

58 Ms Hefren-Webb, PM&C, *Proof Committee Hansard*, 1 March 2016, p. 12.

59 These requirements are outlined in chapter 1.

60 *Committee Hansard*, 29 June 2015, p. 24.

61 *Committee Hansard*, 29 June 2015, p. 9. See also Mr Rod Little, National Congress, *Committee Hansard*, 29 June 2015, pp 41-42.

2.59 Ms Collins, Deputy Chairperson, National Aboriginal and Torres Strait Islander Legal Services (NATSILS) and Chief Executive Officer, APO NT, explained another difficulty with the requirement:

They need to realise that [the] IAS is not the only organisation that funds them. For example, at [North Australian Aboriginal Justice Agency (NAAJA)] we are registered under ASIC. In our funding agreement with IAS it says, 'You must be registered under ORIC, or, if you are registered under ASIC, you may be required to move across to ORIC'. We were asking, why? We have great governance structures. We are low risk. So why is it essential for people to move across to ORIC? They are forcing people to move across to another organisation, which is a huge ask. You have to change your constitution, you have to change your structures, you have to change a lot of things—when these organisations are running effectively. I could understand it if some organisations were not running at a good governance level. I understand that. But what they have done here is really dictate who Aboriginal organisations need to be registered under.⁶²

2.60 Ms Collins highlighted that this IAS stipulation could lead to conflict and inconsistency with the funding agreements some organisations have with other departments, which may have different incorporation requirements.⁶³

2.61 Mr Rod Little, Director, National Congress, was concerned that the IAS incorporation stipulation could increase the reporting burden on some organisations:

On top of [the IAS requirements], not only do you have ORIC's annual reporting requirements but, if you are receiving funding from a state or a territory, there is additional funding reporting that you are going to be required to do. As I said, the organisations source funding to develop their applications, but they also source funding to produce their reporting requirements. ORIC is one of those that requires a lot of reporting.⁶⁴

2.62 The requirement to incorporate was clarified at the hearing by PM&C:

Effectively the requirement is that if an organisation is an Aboriginal organisation that is currently incorporated under ASIC or ORIC then it retains whatever kind of incorporation it has. If it is a non-Indigenous organisation and it is not incorporated under ASIC it is required to incorporate under ASIC. If it is an Indigenous organisation that is not incorporated currently under ASIC or ORIC it is required to [incorporate as required under the IAS] or it can apply for an exemption.⁶⁵

2.63 Ms Carroll, PM&C, commented that the Department was aware there was some confusion on this issue following public statements made by the minister. She

62 *Committee Hansard*, 29 June 2015, p. 30.

63 *Committee Hansard*, 29 June 2015, p. 30.

64 *Committee Hansard*, 29 June 2015, pp 41-42.

65 Ms Carroll, PM&C, *Committee Hansard*, 29 June 2015, p. 60.

added that the Department has taken steps to clarify this with the minister and relevant organisations.⁶⁶

2.64 PM&C reported to the committee that, as at 26 June 2015, 54 organisations will be required to transfer their incorporation status. Nine of these are non-Indigenous organisations that will be required to transfer to the *Corporations Act 2001*; 35 are Indigenous organisations that would be required to transfer from state and territory legislation to the *Corporations (Aboriginal and Torres Strait Islander) Act 2006*.⁶⁷

Suitability of PM&C as a service delivery agency

Effectiveness of the regional office network

2.65 Evidence to the committee indicated that although the officers in the PM&C regional office network were helpful, they too were constrained by the lack of information from Canberra PM&C and conflicting information was provided to applicants by the regional and national offices.

2.66 Literacy for Life spoke about the interaction they had with their regional office:

The Foundation was very satisfied with the way that the Dubbo Office of PM&C dealt with us in the period prior to us making our submission, and in the period since the results were announced. The staff have been very helpful and very professional. It was nevertheless a problem that staff themselves had very little information initially, and everybody was playing catch-up as the time for submissions got closer.⁶⁸

2.67 Ms Seranie Gamble, Outreach Project Manager, Northern Territory Legal Aid Commission, spoke of conflicting information provided to her by the regional and national offices regarding submitting a demand-driven application.⁶⁹

2.68 PM&C regional offices appeared to have little influence in decision-making. One example which illustrated this was provided by Mr Matt Fawkner, Principal Legal Officer, Katherine Women's Information and Legal Service. Mr Fawkner spoke about his proposal for a domestic violence duty lawyer service. The proposal was supported by the local magistrate and police superintendent, and Mr Fawkner had canvassed the idea at a meeting of a local reference group, which included PM&C's Katherine representative:

[The Katherine PM&C representative] said, 'Come and see me. I think you should put a demand driven application in. I will support it. This is a great idea.' I had the support of the whole [local reference group] meeting. So I put it in and I did not hear much. I contacted them every now and then to

66 *Committee Hansard*, 29 June 2015, p. 60.

67 Mrs Marie Taylor, First Assistant Secretary, Housing, Land and Community Capability Division, Indigenous Affairs Group, PM&C, *Committee Hansard*, 29 June 2015, p. 61.

68 *Submission 26*, p. 1. See also Victorian Aboriginal Child Care Agency, *Submission 45*, p. 7.

69 *Proof Committee Hansard*, 16 February 2016, p. 23.

find out how it is going. [The PM&C representative] went through it at the local level and ticked it off: yes. When it came to Darwin, they ticked it off. It went to Canberra, and it stalled. I did not know what was going on.⁷⁰

2.69 Mr Fawkner lodged the application for demand-driven funding in July 2015 and did not hear any response until December 2015, when he was informed that the application was unsuccessful.⁷¹ Mr Fawkner explained the reasons given for the application not being successful:

The key elements are: it did not represent value for money; although it recognised the potential need, it failed; and it did not align with the Commonwealth's broader policy direction.⁷²

2.70 Mr Fawkner described a subsequent meeting with PM&C's Katherine representative to discuss the unsuccessful application:

I said to him, 'What happened?' Words cannot explain his dismay, frustration and disappointment at this response. He had one comment to make during this application process, and this was early on. He said: 'There are a couple of items in your budget that I just query. I was never given the opportunity to explain them and they were not major.' He said nothing more than that. That was the only comment he ever made about it...⁷³

Loss of specialist expertise arising from transfer of programs from line agency to central agency

2.71 Along with the confusion the transfer of programs to PM&C has caused, witnesses highlighted not only the loss of expertise but the relationships built up with contact officers in line departments.⁷⁴ Mr David Jan, Manager of Policy Development and Corporate Services, Local Government Association of the Northern Territory, told the committee of a general perception that PM&C officers assessing the programs did not have the requisite knowledge and experience.⁷⁵ Mr Robert Dalton, Policy and Research Adviser, Northern Land Council, spoke about the decisions around land and sea rangers and argued that the loss of expertise in the decision making has resulted in adverse outcomes :

70 *Proof Committee Hansard*, 16 February 2016, p. 32.

71 *Proof Committee Hansard*, 16 February 2016, p. 32.

72 *Proof Committee Hansard*, 16 February 2016, p. 32.

73 *Proof Committee Hansard*, 16 February 2016, p. 32.

74 See, for example, Mr Robert Dalton, Policy and Research Adviser, Northern Land Council, *Proof Committee Hansard*, 16 February 2016, pp 4, 10. Ms Priscilla Collins, Chief Executive Officer, Aboriginal Peak Organisations of the Northern Territory, *Proof Committee Hansard*, 16 February 2016, p. 8; Mr Matt Fawkner, Principal Legal Officer, Katherine Women's Information and Legal Service, *Proof Committee Hansard*, 16 February 2016, p. 29; Mr Graham Dowling, Interim Chairman, Combined Aboriginal Organisations of Central Australia, *Proof Committee Hansard*, 16 February 2016, p. 36; Charles Darwin University, *Submission 55*, pp 3-4; North Australian Indigenous Land and Sea Management Alliance, *Submission 59*, pp 9,12; Aboriginal Health and Medical Research Council of NSW, *Submission 12*, p. 5.

75 *Proof Committee Hansard* 16 February 2016, p. 43.

The Northern Land Council, and other organisations involved in the field of land management, such as the North Australian Indigenous Land and Sea Management Alliance, more colloquially known as NAILSMA, have long retained concerns that IAS funding decisions for technical and specialist-type projects have been removed from the line agencies that actually feature significant expertise in their area. The decision making process that handed power to the Department of Prime Minister and Cabinet may, in fact, have led to staff making decisions in areas that they may, at best, be inexperienced in and, at worst, unqualified to be making decisions on.⁷⁶

2.72 Save the Children Australia highlighted that the confusion and concern regarding the devolution of 150 programs was compounded by machinery of government changes which meant that 'in many cases local departmental contacts and key administrative arrangements had changed'. They argued that establishing new organisational structures and decision making processes before a major tender process would have been preferable.⁷⁷

2.73 When questioned about the transition to a service delivery agency and the loss of expertise and relationships in line agencies, PM&C responded:

[I]s PM&C capable of walking and chewing gum at the same time? Yes, I believe it is. We have done a lot of work to integrate the program management and delivery functions of Indigenous Affairs into PM&C. Many people at the most basic level of our corporate services have done placements out on the ground to understand the nature of what it is like to be a government business manager or an Indigenous engagement officer out in remote Australia. Some people working in back function actually used to work in Indigenous Affairs, so we have moved some people around. At the level of policy, we are participating in deliberations of policymaking across government. We have a standing item with the heads of department—the secretaries have a standing item on Indigenous Affairs, so we have the opportunity to interact with all the agencies. As far as skills go, we inherited all the people working on Indigenous-specific work in all of the departments. Those people maintain their links to those departments, and we encourage that as part of our work.⁷⁸

2.74 PM&C addressed criticisms of its ability to take over particular policy areas:

[O]n the criticism that Health—which is in the building next door to where we work in Woden—is divorced, we have alcohol and other drugs and related programs in PM&C, and we work very closely with Health. As a central coordinating agency, we also have the power in PM&C to engage

76 *Proof Committee Hansard*, 16 February 2016, pp 4, 10, 13. See also Dr David Cooper, Manager, Research Advocacy and Policy, Aboriginal Medical Services Alliance Northern Territory, *Proof Committee Hansard*, 16 February 2016, pp 4-5; Ms Priscilla Collins, Chief Executive Officer, Aboriginal Peak Organisations of the Northern Territory, *Proof Committee Hansard*, 16 February 2016, pp 5, 8.

77 *Submission 41*, pp 4-5.

78 Mr Andrew Tongue, Associate Secretary, Indigenous Affairs, PM&C, *Proof Committee Hansard*, 1 March 2016, p. 14.

with [our] colleagues in Health at that high policy level. There is no perfect way of building government, but I would argue that it is good for PM&C to walk on the wild side with those of us in Indigenous Affairs and get out on the ground and get involved in service delivery. Colleagues in the department are doing that. It is good for Indigenous Affairs that we have a seat at the centre of government to engage in the policymaking process in a way that, in my experience, Indigenous Affairs has not done previously.⁷⁹

2.75 PM&C concluded:

The downside of a big transition is just the change of the big transition. Our skills out in the regions—many of the people are the same people that would have been working for [the former Department of Families, Housing, Community Services and Indigenous Affairs] a few years ago. We have also had the opportunity to bring new skills in. Is that process completed? No, I do not think it is. In a sense, it should never be completed. If we challenge ourselves about being the best we can be in this area, that process will never be complete. Some stakeholders, I think, are unhappy because we have just upset some of the relationships that they had with people in this transition.⁸⁰

Distribution of programs across portfolios

2.76 The transition to the IAS occurred against a backdrop of machinery of government changes that centralised Indigenous programs under PM&C. However, a few programs have remained in the Departments of Health and Education, as well as the Attorney-General's Department, which will be discussed in turn.

Department of Health

2.77 Some Indigenous programs remain with the Department of Health following the transition to IAS. Ms Briggs, NACCHO, indicated that this means her organisation is negotiating both the IAS and the Department of Health grants process concurrently. Ms Briggs explained this will be a challenging process, should programs remain split between portfolios:

The doubling up of trying to put forward better ways and better mechanisms can be challenging. [It is difficult for health providers] to separate social and emotional wellbeing [programs and] drug and alcohol services [funded under one department] from clinical practice [funded by another]. When we are delivering to the person that is walking in the door, it is not done in a piecemeal way. For PM&C, trying to understand the model can be difficult, if they do not know what that model looks like and how it all comes together. I think that in itself, in terms of assessment, can be challenging for the outcome.⁸¹

79 Mr Tongue, PM&C, *Proof Committee Hansard*, 1 March 2016, pp 14-15.

80 Mr Tongue, PM&C, *Proof Committee Hansard*, 1 March 2016, p. 15.

81 *Committee Hansard*, 29 June 2015, p. 21.

2.78 Ms Briggs stressed the need for a single funding agreement, which would encourage collaboration and learning between departments, and make service provision more effective:

I would say though, if we had a single funding agreement, that would give us the opportunity, as part of the Indigenous Australia health program, for PM&C and the Department of Health to come together—and also to learn some of the measures that our sector has done in terms of how you measure quality outcome of a person. I think there is a lot of value that PM&C could learn from Health, because we have been doing it for such a long time.⁸²

2.79 Ms Carroll, PM&C, summarised the rationale for the machinery of government changes which left some programs with the Department of Health:

Obviously, the government had made a commitment that it was going to bring the different elements together, and it was about the Indigenous specific funding. So every department should have activities within broader mainstream programs that still go to assisting Aboriginal and Torres Strait Islander people, and some of that might be around particular activities, but they will be part of a broader mainstream program. The key area that did not come into the Department of the Prime Minister and Cabinet was health, where the vast majority of that funding stayed with the Department of Health. The rationale for that was the links between health in particular and the mainstream health system and the importance of maintaining those links. So the government made a decision that, because of the embedded nature, it was not going to bring the Indigenous health components across. Primarily, there is a little bit in Attorney-General's, but, apart from that, most of what would be classified as Indigenous specific funding came into the Department of the Prime Minister and Cabinet. That was the framework and the rationale behind it.⁸³

2.80 Ms Caroline Edwards, First Assistant Secretary, PM&C, highlighted the benefits of bringing some programs together into PM&C, while leaving others with the Department of Health:

[T]hat is providing some great streamlining and accessibility. We are much closer to the ground with [the Opal petrol sniffing initiative] and youth diversion [programs]...in the same place. Yes, we accept there are some instances where it is causing people to be inconvenienced and we are working hard to try to reduce any red tape increase. But there are also real benefits for having those particular elements of Health over with the rest of our community safety agenda.⁸⁴

2.81 Ms Edwards also indicated that the department is working towards a single funding agreement in consultation with the Department of Health.⁸⁵

82 *Committee Hansard*, 29 June 2015, p. 22.

83 *Committee Hansard*, 29 June 2015, p. 49.

84 *Committee Hansard*, 29 June 2015, p. 50.

85 *Committee Hansard*, 29 June 2015, p. 49.

Department of Education

2.82 The committee heard that the process for transferring programs from departments to PM&C did not appear to be well coordinated. For example, Universities Australia told the committee that most of its member organisations were caught up in the transfer of programs from the Department of Education to PM&C, as three Indigenous-specific programs were transferred to the IAS at a time when the sector was considering how best to implement the recommendations from the 2012 review of higher education access and outcomes.⁸⁶

2.83 Universities Australia indicated that the transfer of these programs to the IAS before the sector had responded to the 2012 review recommendations had:

...resulted in confusion and concern about the strategic direction for the sector in playing its part in closing the gap.⁸⁷

2.84 In addition, there was concern expressed that tertiary funding programs would be covered under the IAS priority area regarding 'children and schooling', which is predominantly focused on schools and not higher education. Professor Mark Rose, member, Universities Australia explained:

One of the problems, I think, is the fact that, in the government's three strategies - kids into schools, adults into jobs and safe communities - and then extrapolated to the five [IAS funding streams], higher education was not there. We were invisible and mute in the whole process, and that delivers a grave concern to us who have worked in this sector for a very long time and whose sector is filled with our kids and our grandkids. So, it is not just an artificial sort of view of this; this is our families' lives, at the end of this. I cannot understand why higher education, which is a strategic tool for closing the gap, was ignored. It confuses me.⁸⁸

2.85 When asking government about this, Professor Peter Buckskin, Chair, National Aboriginal and Torres Strait Islander Higher Education Consortium, indicated the reply was that it was a matter of machinery of government changes.⁸⁹ Professor Buckskin confirmed that funding for the Indigenous Tutorial Assistance Scheme (ITAS) is currently quarantined⁹⁰ but Mr Mark Warburton, Principal Analyst, Universities Australia indicated that there is no clarity around what occurs next.⁹¹

2.86 PM&C responded that universities were consulted before the IAS grant application process opened, and that the sector was advised that aspects of their

86 Ms Anne-Marie Lansdown, Universities Australia, *Committee Hansard*, 29 June 2015, p. 11. Ms Lansdown was referring to the *Review of Higher Education Access and Outcomes for Aboriginal and Torres Strait Islander People* (July 2012).

87 Ms Anne-Marie Lansdown, Universities Australia, *Committee Hansard*, 29 June 2015, p. 11.

88 *Committee Hansard*, 29 June 2015, p. 12.

89 *Committee Hansard*, 29 June 2015, p. 12.

90 *Committee Hansard*, 29 June 2015, p. 12.

91 *Committee Hansard*, 29 June 2015, p. 16.

funding were included in the IAS process. However, PM&C admitted they could 'possibly have engaged a bit earlier'.⁹² Ms Elizabeth Hefren-Webb, First Assistant Secretary, Schools, Information and Evaluation Division, PM&C, commented that:

I think there had been general discussions with universities and university peak bodies. But final confirmation about the inclusion of that funding in the round was pretty much just before the opening of the round. So I think that is a legitimate criticism and we have taken that on board.⁹³

Attorney-General's Department

2.87 The transfer of programs between the Attorney-General's Department to PM&C appeared to be an area of particular confusion with conflicting information being provided to organisations. For example, Ms Collins, NATSILS and APO NT, told the committee:

[Aboriginal and Torres Strait Islander legal services] were funded under the Attorney-General's Department. We were originally funded under two buckets: one was for operational and one was for advocacy. Then, over the last three-year contract, they combined the two buckets of money together, so the advocacy and the operational bucket came under the one funding agreement. Within the Northern Territory, we were then funded when they put the intervention in place in the Territory, so we were funded under the Northern Territory National Emergency Response, which they now call Stronger Futures. Those funds were originally managed by the Attorney-General's Department. We were then informed that the Stronger Futures funding was now being moved to PM&C, and we had to apply for the funding through the IAS.⁹⁴

2.88 Ms Collins confirmed that NATSILS has now been advised their funding for their operational budget and for programs they deliver will now come from different departments:

...for the Aboriginal legal services and also for NATSILS, the peak body, that operational funding comes from the Attorney-General's Department. What is funded under the Indigenous Advancement Strategy is for other programs outside of the operational contract, such as Stronger Futures.⁹⁵

2.89 Ms Suzan Cox, Director, Northern Territory Legal Aid Commission, argued for all Commonwealth legal service program funding and management to be with one department (the Attorney-General's Department) and be administered on a five year cycle to enable better planning and more effective service delivery.⁹⁶ Ms Christina

92 Ms Hefren-Webb, PM&C, *Committee Hansard*, 29 June 2015, p. 46.

93 *Committee Hansard*, 29 June 2015, p. 47.

94 *Committee Hansard*, 29 June 2015, p. 28.

95 *Committee Hansard*, 29 June 2015, p. 28. Note: Under IAS, 12 months funding for Stronger Futures was received and under the Attorney-General's Department five-year funding for the delivery of Aboriginal legal services has been received.

96 *Proof Committee Hansard*, 16 February 2016, p. 20.

Davidson, Chief Executive Officer, Association of Northern Kimberley and Arnhem Aboriginal Artists spoke about the confusion between the Attorney-General's Department and PM&C regarding arts funding.⁹⁷

2.90 When asked about this confusion, particularly in relation to funding for Aboriginal legal services, PM&C replied:

It is a complicated situation, but we are pretty much on the same page about what the situation is. Aboriginal legal services, by and large, are funded out of the Attorney-General's Department. Prior to the election there was an announcement that there would be a cut to that program. That was across the whole of those programs. Subsequently, after the election, a small area of those legal services came to PM&C—the family violence prevention legal services; a small program called the Indigenous women's program; and a program called supplementary legal assistance, which was part of the Stronger Futures arrangements, but not payments that went to the Northern Territory like most national partnerships ones; ones that were always paid by the Commonwealth. Those three bits came over to PM&C together with their share of those cuts...[So] the situation remains that the vast majority of funding to provide legal services is through the Attorney-General's Department, including the funding to the peak body, which is now being provided by Attorney-General's Department, and the core funding.⁹⁸

2.91 PM&C added that they were working with the Attorney-General's Department to ensure that funding for smaller programs, including some highlighted by Ms Collins, was maintained:

Generally speaking the family violence prevention legal services would have been provided maintained funding. There have been some on and offs, small amounts of expansions and change of providers, but pretty much there is the same level of funding as previously. For the Indigenous women's program, which was a very small program of about \$1 million I think for the whole country, and the supplementary legal assistance, which was in the Territory only arising out of Stronger Futures, all of the providers who previously had been receiving those moneys have been offered a 12-month extension of that funding...They were all provided effectively the same as they had last year...⁹⁹

2.92 PM&C acknowledged that there was concern about the short duration of funding:

It is because we, like the committee and Ms Collins, are looking at how that works, having moved those small amounts over to PM&C, when the bulk of the funding is with the [Attorney-General's Department (AGD)]. We are talking to AGD about how, after the current year's funding, we can make sure that is streamlined and put back together. That is our aim: to make it a

97 *Proof Committee Hansard*, 16 February 2016, p. 52.

98 Ms Caroline Edwards, First Assistant Secretary, PM&C, *Committee Hansard*, 29 June 2015, p. 48.

99 Ms Edwards, PM&C, *Committee Hansard*, 29 June 2015, p. 48.

single source. So the one year's funding is to make sure there is no loss of funding in the meantime while these discussions happen. I know it is horrendously complicated.¹⁰⁰

2.93 The following chapter will discuss the information provided to the committee about the IAS process, including information about IAS given to potential applicants by PM&C. It will also look at the department's ongoing work to refine and review the IAS framework, improve the competitive grants round processes, and work to consult more effectively with stakeholders, including Indigenous communities and organisations.

100 Ms Edwards, PM&C, *Proof Committee Hansard*, 29 June 2015, p. 48.

Chapter 3

Administration and review of the first funding round

3.1 This chapter covers the administration of the Indigenous Advancement Strategy (IAS) by the Department of the Prime Minister and Cabinet (PM&C or the Department) including:

- information and assistance provided to applicants to the 2014 IAS funding round;
- ad hoc changes to funding arrangements for some service providers to address potential gaps in services;
- finalisation of funding agreements with successful applicants and the provision of feedback to unsuccessful applicants;
- the coordination of funding for Indigenous programs between Commonwealth departments;
- the engagement of the external organisations, Mosaic and Ernst & Young, to provide PM&C with administrative assistance and probity advice; and
- the internal and external reviews of IAS processes and guidelines that have been announced by PM&C.

Communication with stakeholders about IAS

3.2 The committee received evidence that information provided by the government to applicants about the IAS lacked clarity and consistency. Many witnesses considered that communication with stakeholders could be substantially improved.

Information provided to applicants

3.3 The Aboriginal Medical Services Alliance of the Northern Territory (AMSANT) commented that there was not enough information provided about the application process, and that it was difficult to get reliable information from PM&C:

AMSANT was concerned that there was insufficient information and too few information sessions on the IAS provided during the tendering period. Attempts to seek clarification from PM&C staff regarding service scope and outcomes in order to complete applications were largely unsuccessful, with PM&C staff either unable to supply responses or providing conflicting details to inquiries. Organisations were left to speculate and swap notes as best they could, or, where they had the resources, employ consultants to develop their applications.¹

1 *Submission 75*, p. 3.

3.4 The committee received some evidence that suggested the PM&C helpline offered little assistance to callers on some occasions. For example, Ms Priscilla Collins, Deputy Chairperson, National Aboriginal and Torres Strait Islander Legal Services (NATSILS) and Chief Executive Officer, Aboriginal Peak Organisations of the Northern Territory (APO NT), reported that different PM&C officers gave differing information about the timeline for applications:

When we rang PM&C we were told we could apply for only 12 months worth of funding. Then you would have another conversation. Whenever you picked up the phone to speak to PM&C you never had a dedicated person. It was just whoever picked up the phone at the time. I was told that it was 12 months worth of funding, and in another conversation I was told that it was three years worth of funding, and in another conversation I was told that it was four years of funding. We actually put in an application for five years worth of funding but got only 12 months.²

3.5 More broadly, Ms Collins told the committee of other frustrating experiences she had gone through calling the PM&C helpline, including inconsistent information provided and the patchy knowledge of staff. She was particularly concerned when she found out that some staff on the helpline were not familiar with key elements of the Commonwealth's Indigenous policy:

It was the most disappointing, frustrating process. I was ringing them and they were saying, 'Yes, from now on you apply for Stronger Futures,' and you had a conversation for half an hour and, at the end of it, the person would say, 'Can you explain to me what Stronger Futures is?' You would ask, 'Are you the Territory representative?' and they would say yes, and you would say, 'And you don't know about Stronger Futures?' That is when we started having panic attacks, thinking, 'These people have no idea what they're doing'.³

Lack of clarity about interaction with other programs

3.6 Ms Collins, NATSILS and APO NT, suggested that the transfer of programs between departments had led to some confusion about program funding:

So, at the time when we were applying for the Stronger Futures funding, we were getting conflicting information from PM&C and from the Attorney-General's Department. Because the Stronger Futures funding was a 10-year commitment, I wanted to confirm whether that money was already locked in and still funded under the Attorney-General's Department, and they were saying, 'Oh, we're not too sure.' Then I would ring PM&C and they would say, 'Yes, you have to apply for the Stronger Futures funding through the IAS.' So we would go through a number of conversations, and then at the end of the conversation the PM&C representative would say to me, 'What's Stronger Futures?' So it was really messy, with a lack of information and a lack of clarity, and as a result a lot of organisations did not apply for the funding, because they were told information that was incorrect. We were

2 *Committee Hansard*, 29 June 2015, p. 29.

3 *Committee Hansard*, 29 June 2015, p. 34.

told, 'No, it's still under the Attorney-General's Department,' but then we were told, 'No, it's under IAS,' and people were just totally confused.⁴

Lack of clarity about requirements for information in applications

3.7 Danila Dilba Health Service (Danila Dilba) noted the complexity of the application process:

It is also worth noting here that the process was particularly complex in view of the requirement to develop only one consolidated application per organisation. Had there been more time allowed, this could have been a positive step as it would avoid repetition. In reality though, it was necessary to reconceptualise existing activity and any new proposals into a totally new framework with only six weeks to do so, seek partners, examine evidence, decide on lead agencies and seek relevant approvals across multiple organisations in some cases.⁵

3.8 Danila Dilba also highlighted that the selection criteria were very broad and generic and '[n]o specific guidance was provided as to how applications would be assessed against the criteria and advice so far from PM&C does not provide any indication of how [Danila Dilba's] funding proposal was rated against the criteria'.⁶

3.9 Ms Collins, NATSILS and APO NT, highlighted the lack of assistance available to develop applications:

There was one information session that was in Darwin. Unfortunately, I did not attend that one. I am aware that they had that one, but that is the only one I am aware of. So the only support you could get when you were doing the application was to ring the general number and you were just going to speak to whichever random person picked it up.⁷

3.10 Organisations also spoke about the lack of resources available to small organisations to develop their applications. For example, the National Congress of Australia's First Peoples submitted that many Indigenous organisations could not match the resources or expertise of many non-government and private organisations in applying for funding in competitive tendering processes:

A reoccurring complaint was that the short timeframe unfairly disadvantaged small organisation[s] with little experience in competitive tendering, while large non-governmental organisations...profit driven corporations and government agencies, with dedicated tendering teams, were at an advantage. Some organisations spent thousands of dollars to hire consultants to produce professional high-level documentation only to have their applications rejected. Already cash strapped community organisations

4 *Committee Hansard*, 29 June 2015, p. 28.

5 *Submission 66*, p. 5.

6 *Submission 66*, p. 8.

7 *Proof Committee Hansard*, 16 February 2016, p. 10.

should not have to feel they need to hire consultants to be competitive against large organisations.⁸

3.11 This view was also expressed by the Victorian Aboriginal Education Association Incorporated (VAEAI):

VAEAI believes that the application process disadvantaged small organisations and Aboriginal-controlled organisations, given that all organisations were applying for a share of the same pool of funding, regardless of proportion of size, Aboriginal ownership, or percentage of identified Aboriginal employment positions. Organisations such as government agencies and departments, private corporations, universities and local councils would have had more resources to devote towards the application process, and this has been reflected in the outcomes of the IAS tendering process.⁹

Initial six week application period

3.12 The committee heard evidence that the initial six-week application period between 8 September and 17 October 2014 was not sufficient for applicants.¹⁰ For example, Danila Dilba suggested that six weeks was not enough time for many organisations to submit adequate applications, as the IAS was a new process that had substantially changed the way government funds Indigenous programs:

While a timeframe of approximately six weeks may be considered sufficient in the case of a simple grant application process, it was not adequate within such a fundamentally changed environment.¹¹

3.13 Given these challenges, the Combined Aboriginal Organisations of Central Australia submitted it was aware of organisations that had:

...submitted partially completed applications or who did not submit applications at all under the IAS due to the complexity of the process and the insufficient 6-week time-frame for the lodgement of IAS applications.¹²

3.14 The committee also heard that the tight timeframe disadvantaged small organisations, many of whom did not have the expertise or resources to make an application for IAS funding within the six-week deadline. For example, the Close the Gap Campaign submitted that some:

8 *Submission 84*, p. 9.

9 *Submission 36*, p. 4.

10 See, for example: Katherine Women's Information and Legal Services, *Submission 62*, p. 1; Tharawal Local Aboriginal Land Council, *Submission 63*, p. 1; Danila Dilba Health Service, *Submission 66*, p. 4; National Family Violence Prevention Legal Services Forum, *Submission 83*, pp 8-9; National Congress of Australia's First Peoples, *Submission 84*, p. 9. See also Mr John Paterson, Chief Executive Officer, Aboriginal Peak Organisations Northern Territory, *Proof Committee Hansard*, 16 February 2016, p. 1.

11 *Submission 66*, p. 4

12 *Submission 79*, p. 3.

...organisations did not have the capacity or resources to submit an application...Furthermore, the timeframe imposed on the process, coupled with the lack of funding for administrative functions (e.g. submission writing) meant that some submissions may not have reflected the quality of the programmes they provide.¹³

3.15 The Aboriginal Health and Medical Research Council of NSW (AHMRC) highlighted the six-week period did not allow for organisations to gain input from their own boards or consult adequately:

Because of the tight timeframe for submission and the competitive nature of the process, there was limited opportunity to allow for input from the Boards of services which needed to be aligned with organisational strategic plans. The amount of community consultation and stakeholder consultation was compromised. The need to provide letters of support for the tender created tension between services.¹⁴

3.16 It was also suggested that the short application period only suited programs that had already been developed or were already implemented. As Family Support Newcastle wrote in its submission:

This tendering timeframe was only suitable for those projects that had been fully thought out and 'spade ready' prior to the opening of the tender process. As an organisation keen to get funding for innovative projects, we found this timeframe enormously frustrating. There was little time to develop up a submission even without the processes that are required for consultation, collaboration and creativity.¹⁵

3.17 Mr Mick Gooda, the Aboriginal and Torres Strait Islander Social Justice Commissioner, also told the committee that he considered that the time given for applications was not sufficient. Considering the magnitude of the change to Indigenous funding processes made by the IAS, he reflected:

I think the sheer quantum of that was trying to be achieved here was immediately unachievable given the numbers and what we knew.¹⁶

3.18 In contrast, some witnesses suggested the timeline for consultation and submissions was reasonable, even if many stated they were aware many organisations had found it too short.¹⁷ For example, Ninti One Limited submitted that the 'timeframe was adequate'.¹⁸ However, it also commented that their local facilities and staff in Alice Springs were experienced in applying for grants, which was 'not the case across

13 *Submission 82*, pp 4-5.

14 *Submission 12*, p. 2. See also Aboriginal Family Law Services (WA), *Submission 81*, p. 7.

15 *Submission 5*, pp 1-2.

16 *Committee Hansard*, 29 June 2015, p. 4.

17 For example, see: Ninti One Limited, *Submission 13*, p. 2; North Australian Aboriginal Family Violence Legal Service, *Submission 14*, p. 1.

18 *Submission 13*, p. 2.

most of remote Australia', and that they had assisted some remote organisations with their applications.¹⁹

3.19 PM&C acknowledged that, with hindsight, it was clear that the application period was too brief. However, they told the committee that they had learned from the process and looking at where improvements could be made:

We were aware that the time frame was short, but we did think that we would be able to move through the process in a way that brought people with us. I think the non-compliant applications is a good example of where we, in general, in the department underestimated what was required and the shift that was needed and the communication and engagement that was required. We did think it was achievable and doable. But part of the review process is to go back and look at how we could do things differently in the future. What are the learnings from this process?²⁰

Changes to timeframes and guidelines for funding

3.20 The committee heard about ad hoc changes to the process that were made once the IAS funding round was already underway, which led to confusion among stakeholders, and perceptions the process was unfair and not transparent. For example, despite the stipulations of the IAS Guidelines, non-compliant tenders were included following the closing of the application process.²¹

Non-compliant applications

3.21 PM&C told the committee that half of the applications they received under the IAS funding round were non-compliant,²² which suggested that many stakeholders did not sufficiently understand the new arrangements.

3.22 Ms Liza Carroll, Associate Secretary, Indigenous Affairs, PM&C, spoke about the numbers of non-compliant applications and the decision by the minister to include them:

We certainly did not anticipate...that our non-compliance rate would be that high. It was clear to us that we would get the wrong outcome if we did not include all of those non-compliant applications.²³

Changes in the process not well communicated

3.23 On 24 November 2014 the Minister for Indigenous Affairs, Senator the Hon Nigel Scullion, announced that more time would be taken to assess funding applications. At this time PM&C had identified service providers whose funding was

19 *Submission 13*, p. 2.

20 Ms Liza Carroll, Associate Secretary, Indigenous Affairs, Department of the Prime minister and Cabinet (PM&C), *Committee Hansard*, 29 June 2015, pp 54-55.

21 See Senate Finance and Public Administration Legislation Committee, *Estimates Hansard*, 27 February 2015, pp 51-52.

22 *Submission 48*, p. 14. There were 1,233 non-compliant applications from total of 2,472.

23 *Committee Hansard*, 29 June 2015, p. 53.

due to expire at the end of December 2014 which appeared not to have applied for funding. In response the minister announced a six-month funding extension for organisations that had ongoing service delivery contracts expiring on 31 December 2014 which allowed them to continue to provide frontline services while the IAS funding round was finalised.²⁴

3.24 After the IAS funding round outcomes announcement by Minister Scullion on 4 March 2015, PM&C undertook gap analysis²⁵ and an additional 32 organisations were funded as part of this process.²⁶ PM&C tabled a chart at the public hearing showing that \$240 million was provided following this gap analysis by awarding extensions in the length of funding agreements with particular organisations.²⁷

3.25 PM&C described this gap filling process to the committee, stating that these funding decisions occurred alongside ongoing negotiations with organisations. Additionally, the Department explained that there were cases where organisations approached them for funding to cover gaps in services, without having been first identified by PM&C:

That, obviously, is a less systematic process. I understand your concern about that. But, because we had...our regional managers on the ground, understanding what existed, then it was not just the fact that somebody approached us; it was: 'Is this actually a real concern?' If they were not part of the IAS grant process, and we had identified a gap, then we needed to think about: 'Nobody applied in that grant process. There will be gap in service provision. What will we do? We couldn't deal with it as part of the IAS process, but we know we can deal with it over here as part of a separate process'. So effectively we had triaged it to make sure the focus was on the outcome but we had the mechanisms as we went through.²⁸

3.26 Despite this analysis, the committee received evidence that service gaps still existed. During the Darwin hearing the committee was informed by Ms Seranie Gamble, Outreach Project Manager, Northern Territory Legal Aid Commission, that due to funding cuts in the last financial year they had to cut outreach services to remote communities in the Barkly region and that they understand there are now no legal services going into those communities. Ms Gamble emphasised:

So there are a number of communities that not only do not have access to court processes but do not even have access to legal assistance through

24 Senator the Hon Nigel Scullion, Minister for Indigenous Affairs, 'Indigenous Grant Round', Media release, 24 November 2014.

25 Ms Carroll, PM&C, *Committee Hansard*, 29 June 2015, p. 45.

26 Senator the Hon Nigel Scullion, Minister for Indigenous Affairs, 'IAS grant round investment totals \$1 billion', Media release, 27 May 2015.

27 PM&C, 'IAS 2014 Grant funding round Summary of information', Tabled Document 1, Canberra 29 June 2015.

28 Ms Carroll, PM&C, *Committee Hansard*, 29 June 2015, p. 53.

outreach lawyers travelling out there to assist in advising and providing education and information about those issues.²⁹

3.27 When asked whether the lack of these services had been part of the gap analysis and Ms Gamble replied:

When we were offered the funding we were offered, we noted that it was not the amount that we had requested and that it was necessary to provide these services in those areas. Nothing was done to address that or change that. It was not negotiable.³⁰

3.28 Ms Gamble added that they understood PM&C knew about the lack of services as they were told services were being mapped in those areas.³¹ She added:

From our perspective, in our application, we spent time and effort gaining and providing evidence of the support and demand to deliver services in those areas. We have not had any feedback in response to that. We provided as much information as we could to demonstrate that need. As far as we are aware, it has fallen on deaf ears.³²

3.29 Mr Gooda reflected that many stakeholders in the Indigenous community had felt these processes had not been explained to them sufficiently, and he had consistently heard:

There was a change in timing; there was a change in how guidelines would be interpreted. It is hard for me to make that observation, but what I can say is that people tell me they heard different stories, particularly around the application process and time frames. They extended the time frames. Some people thought that they had missed out and, therefore, did not bother putting in, but the time frame had been extended. They never got the message. I know one particular organisation that fell under that category. I think the communication could have been better.³³

29 *Proof Committee Hansard*, 16 February 2016, p. 24.

30 *Proof Committee Hansard*, 16 February 2016, p. 25.

31 *Proof Committee Hansard*, 16 February 2016, p. 25.

32 *Proof Committee Hansard*, 16 February 2016, p. 25.

33 *Committee Hansard*, 29 June 2015, p. 6.

Consequences of rapid transition for services and service providers

Uncertainty in the sector

3.30 The committee heard that the quick transition of Commonwealth Indigenous funding to the IAS had created some uncertainty and confusion in the sector, which had had negative effects on many organisations and service providers.³⁴

3.31 Most significantly, the committee received evidence that delays and ad hoc continuation of funding was unsettling and worked against future planning by organisations.³⁵ For example, the AHMRC reported losing experienced staff due to funding and job uncertainty, as well as noting negative effects on the morale and motivation of continuing staff.³⁶

3.32 Family Support Newcastle also indicated that funding uncertainty had negative consequences for staff, who would need to be made redundant should funding applications be unsuccessful. However, its submission also commented that this uncertainty had also affected their clients – many of whom already face significant disadvantage – as the organisation had stopped taking new referrals and had scaled down support services for ongoing clients.³⁷

3.33 Some organisations reported that, even when they had been awarded funding, it had been only for a short time, which made it difficult to recruit and train new staff. For example, the Lyndon Community submitted:

The provision of a 1 year funding agreement will make the process of recruiting new staff difficult and challenging, as there will be little enticement for experienced staff to give up more permanent positions or relocate. This is also particularly relevant for programs like ours which operate in rural and remote locations. One year funding will also significantly lessen our ability to achieve positive outcomes due to the need to bring staff up to speed prior to engaging with the clients/communities.³⁸

3.34 Ms Carroll, PM&C, told the committee about how the government had tried to give the sector some security to funding arrangements, despite the shortness of the 12-month implementation period:

34 For example, see: The Lyndon Community, *Submission 10*, p. 1; Aboriginal Health and Medical Research Council, *Submission 12*, p. 4; Family Support Newcastle, *Submission 5*, p. 2; Kimberley Land Council, *Submission 30*, pp 1-2; Community Council for Australia, *Submission 34*, p. 4; Save the Children, *Submission 41*, p. 3; Good Beginnings Australia, *Submission 43*, p. 2; Reconciliation Australia, *Submission 44*, p. 2; Victorian Aboriginal Child Care Agency, *Submission 45*, p. 6.

35 See for example, Ms Lisa Briggs, Chief Executive Officer, National Aboriginal Community Controlled Health Organisation (NACCHO), *Committee Hansard*, 29 June 2015, p. 25; The Lyndon Community, *Submission 10*, p. 1; Ms Suzan Cox, Director, Northern Territory Legal Aid Commission, *Proof Committee Hansard*, 16 February 2016, p. 19.

36 *Submission 12*, p. 4.

37 *Submission 5*, p. 2.

38 *Submission 10*, p. 1.

I think the key driver was to really move people into an outcomes model, to give some security to people that they had longer term funding agreements. People had funding agreements coming to an end. We were very cognisant of the fact, as was the Minister, of: how can we move through this process, removing some of the overlap and duplication, getting towards the outcomes model and really focusing on delivering into the future, but also giving funding certainty for organisations as we went forward?³⁹

The engagement of external organisations to assist the IAS process

3.35 The committee understands that PM&C has spent a considerable sum on engaging two external organisations: Mosaic; and Ernst & Young, to assist with administration processes and to provide probity advice on the IAS process.

Expenditure on administrative support

3.36 In an answer to a question taken on notice at the Senate Additional Estimates on 27 February 2015, PM&C stated that the cost of undertaking the IAS administration process was \$1,759,622.00, which includes:

...specialist services to support the operation of the grant funding round; contract staff to assist with data entry; and advertising costs. As the assessment of applications for funding is part of the regular business of the Department, there is no additional impact on internal staffing costs.⁴⁰

3.37 According to PM&C, Mosaic provided 'about 12 people...for about four days' to help the Department register the large number of applications received, which cost \$65,346.22.⁴¹

3.38 PM&C stated that Ernst & Young played a 'broader role' and were engaged to provide support in several areas:

- logistics for IAS funding round process, including 'guidance for individual staff members undertaking the assessment process', and IT assistance, particularly regarding the database used to register applications;
- a 'surge capacity' of 20 to 25 people, who worked alongside Mosaic staff, to help the Department register the number of applications received; and
- probity advice, on an 'as-needs basis'.⁴²

3.39 At Senate Estimates on 27 February 2015, PM&C stated it had an 'open contract' with Ernst & Young, valued at \$1.5 million, although it 'may not...use the

39 *Committee Hansard*, 29 June 2015, p. 55.

40 PM&C answer to question on notice, Senate Finance and Public Administration Legislation Committee, Additional Estimates 27 February 2015, Question 67 (received 10 April 2015).

41 Ms Susan Black, First Assistant Secretary, Programme Implementation Taskforce, PM&C, Senate Finance and Public Administration Legislation Committee, *Estimates Hansard*, 27 February 2015, p. 52.

42 Ms Black, PM&C, Senate Finance and Public Administration Legislation Committee, *Estimates Hansard*, 27 February 2015, pp 52-53.

whole amount' of this contract.⁴³ However, in answers to questions on notice, PM&C provided the following evidence, which appears to indicate that the total Ernst & Young contract has already cost more than \$1.5 million:

As part of the Indigenous Advancement Strategy (IAS), to date the Department of the Prime Minister and Cabinet has spent \$1,513,600 on Ernst & Young. This includes four contracts that ceased in December 2014 valued at \$646,000 for external probity advice, logistics and database development and two current contracts to the value of \$867,600 for specialist services to support the operation of the grant funding round.⁴⁴

3.40 The Victorian Aboriginal Community Controlled Health Organisation (VACCHO) suggested in its submission that the need for a 'surge capacity' demonstrated how poorly PM&C had planned the application round. In addition, VACCHO highlighted that this money could have been better spent on delivering frontline services rather than additional administration:

The cost of contracting these firms was significant, within the range of \$1 million to \$1.5 million. This support was described as 'surge capacity' and appears to be a result of the Department being unprepared for the volume and number of applications. Given the \$2.3 billion funding on offer, it should have been expected that applications would be high in volume and number. The administrative cost of the process, and in particular these contractors, would have made a significant difference if allocated to frontline services. It is completely unacceptable that this administrative expense was deemed necessary.⁴⁵

Probity advice provided by Ernst & Young

3.41 PM&C stated in its submission that an external probity adviser from Ernst & Young had been engaged to provide advice to officers involved in the IAS open funding round, in addition to an 'internal probity advisor'.⁴⁶ The Department also stated that:

A Probity Plan was developed and set out the minimum, mandatory probity requirements for the round. The plan articulated the following principles to support probity requirements:

- Fairness and impartiality.
- Consistency and transparency of process.
- Security and confidentiality.
- Identification and resolution of conflicts of interest.

43 Ms Black, PM&C, Senate Finance and Public Administration Legislation Committee, *Estimates Hansard*, 27 February 2015, p. 53.

44 PM&C answer to question on notice, Senate Finance and Public Administration Legislation Committee, Additional Estimates 27 February 2015, Question 67 (received 10 April 2015).

45 *Submission 47*, p. 6.

46 *Submission 48*, p. 15.

- Compliance with legislative obligations and government policies (as they apply to grants, including the *Public Governance, Performance and Accountability Act 2013* (PGPA Act)).⁴⁷

3.42 PM&C advised that the internal probity adviser and Ernst & Young had provided a 'final sign-off' for the Department, which meant:

...that they were satisfied that we had met the requirements of all of our documentation and all of our governance arrangements were strong along the way.⁴⁸

3.43 However, Mr Gooda raised concerns about the probity advice given to the Department, given the problems that stakeholders had identified, as well as the shortcomings in the process identified by PM&C itself:

What probity auditors do is actually make sure you maintain or keep faith with the process as you said it would apply. If the processes were pretty flawed at the beginning, all the probity auditors tell you is that you are stuck by a pretty flawed process. I have said that to the department many times. If you quote probity auditors to me about a way we should be confident, I have problems with the whole process of how we went about this, mainly because of the lack of transparency.⁴⁹

3.44 Mr Gooda also questioned how much the probity advice from Ernst & Young had cost the government, when its value was questionable, given the obvious flaws in the IAS process itself:

The exact cost of this [probity] advice was not provided during Senate Estimates. My concern is that significant money is spent on probity advice, which is of limited assistance if there is an unsatisfactory process in place to begin with. The weaknesses in the tendering process are a likely result of the lack of engagement of its designers with Aboriginal and Torres Strait Islander peoples.⁵⁰

Building unrealistic expectations

3.45 The letter sent to potential applicants by PM&C on 8 September 2014 announcing the opening of the first IAS funding round stated that innovative and locally-focussed programs were encouraged:

The IAS provides flexibility to apply for funding for innovative solutions to improve outcomes for Indigenous people over the long term on one application form. The IAS focuses spending on services that support the Government's priority areas of getting children to school, adults into jobs and improving community safety. The new arrangements provide

47 *Submission 48*, p. 15.

48 Ms Black, PM&C, Senate Finance and Public Administration Legislation Committee, *Estimates Hansard*, 27 February 2015, p. 52.

49 *Committee Hansard*, 29 June 2015, p. 3.

50 *Submission 15*, p. 3.

organisations with an opportunity to work with communities to develop local solutions with local outcomes.⁵¹

3.46 Many organisations understood that the IAS encouraged 'thinking big' about innovative projects and new ways of delivering services for Indigenous Australians and communities. Given these expectations, there was some disappointment expressed that the IAS round predominantly maintained funding to existing providers and programs, and many innovative proposals were unsuccessful.⁵²

3.47 For example, Save the Children submitted that the IAS had not delivered on the expectations that many stakeholders had:

The narrative of the Indigenous Advancement Strategy set high expectations for the Tender. The promise was that it would provide 'unprecedented flexibility' to work with individuals, families and communities to improve outcomes over the long-term and that it was designed to 'fundamentally reduce the red tape and reporting burden on providers, freeing them up to deliver better services rather than more paper work'.

In a bid to promote innovation, organisations were also encouraged to 'think big' and put forward 'new solutions to old problems'. Collaboration was promoted as the key and rightly, non-Aboriginal organisations were expected to work in strong partnership at the local level with Aboriginal-led and controlled organisations.

These were welcome sentiments in a resource-constrained sector where many organisations are seeking to deliver holistic solutions at the local level to complex and intergenerational issues.⁵³

3.48 The North Australian Indigenous Land and Sea Management Alliance considered that the IAS Guidelines and application kit encouraged organisations applying for innovative programs:

The wording of the guidelines and application kit indicate that the department is interested in taking a much more innovative approach to service delivery than they had under previous funding initiatives. However

51 PM&C, *Submission 48*, Attachment G (Letter from Ms Liza Carroll, PM&C, to Service Providers, 8 September 2014 re IAS Round Open), p. 1.

52 For example, see: Victorian Aboriginal Child Care Agency, *Submission 45*, p. 5; West Australian Council of Social Services, *Submission 49*, p. 3; University of Newcastle, *Submission 53*, p. 5; North Australian Indigenous Land and Sea Management Alliance, *Submission 59*, p. 5; Danila Dilba Health Service, *Submission 66*, p. 4; Regional Development Australia Pilbara, *Submission 73*, p. 6; Marninwarntikura Fitzroy Women's Resource Centre, *Submission 76*, p. 23; Combined Aboriginal Organisations of Central Australia, *Submission 79*, p. 3.

53 *Submission 41*, p. 3.

given the types of funding applications that have been successful, questions must be raised around the strategic intent of the department.⁵⁴

3.49 Evidence provided by PM&C about the amount of funding applied for by some organisations appears to support the view that many applicants considered that programs that were innovative and 'thinking big' were more likely to be funded under the IAS. While the available funding was \$2.3 billion for the first and any subsequent rounds⁵⁵ the funding round was heavily subscribed.⁵⁶ PM&C explained that this amount included some applications asking for very large amounts of money, with the five largest applications asking for a combined total of \$5 billion for programs (all of which were unsuccessful).⁵⁷

3.50 Although many organisations put effort into developing applications for new projects, the committee received evidence many of these were not funded. For example, Ms Lisa Briggs, Chief Executive Officer, National Aboriginal Community Controlled Health Organisation (NACCHO) reported that a survey of members found that:

...the decision making overwhelmingly favoured continuity of current services, and did not reward innovation.⁵⁸

3.51 NACCHO's survey found that their members applied for 186 programs, 83 of these were for new funding and 103 were for existing programs. Sixty seven, or 80 per cent, of funding applications for new programs were unsuccessful.⁵⁹

3.52 Mr Brendan Gibson, Assistant Secretary, PM&C, responded to NACCHO's findings by giving an example of how some applications were over-ambitious and not supported by rigorous evidence:

The IAS unleashed a lot of ambitions. We had some examples of organisations that had not received funding before including [Aboriginal Community Controlled Health Organisations (ACCHOs)]. There is one in my mind, because I remember giving the feedback. They put in their application for \$18 million, for example, which was way more than they

54 *Submission 59*, p. 6. See also Mr David Jan, Manager of Policy Development and Corporate Services, Local Government Association of the Northern Territory, *Proof Committee Hansard*, 16 February 2016, p. 44.

55 Noting the total funding for the IAS was \$4.8 billion over four years but a portion was already committed. See Senate Finance and Public Administration Legislation Committee, *Estimates Hansard*, 27 February 2015, p. 58; IAS Guidelines, p. 3.

56 Although the figure of \$14 billion was mentioned during the 27 February 2015 estimates hearing (see Senate Finance and Public Administration Legislation Committee, *Estimates Hansard*, 27 February 2015, p. 53), on 3 March 2015 PM&C wrote to the committee to say that due to a data entry error the \$14 billion figure was not correct and the total funding requested was less than \$14 billion. The Department undertook but has not yet provided the final amount.

57 Senate Finance and Public Administration Legislation Committee, *Estimates Hansard*, 27 February 2015, pp 53-54.

58 *Committee Hansard*, 29 June 2015, p. 19.

59 *Supplementary Submission 70*, p. 9.

were already receiving for their core grant to do primary health care and a range of other things. It is very difficult when faced with a submission like that. There were some good ideas in the submission, but it was a major submission about covering a very large area of the country with a new service type that had not been tested. There is no real evidence base for what it was they were proposing to do. The service delivery model was not grounded or tested. I am not saying that all the 83 [programs discussed by NACCHO] fit that picture, but I am giving you an idea of what came forward amongst those 83 programs that were looking for money.⁶⁰

3.53 However, Ninti One Limited described a similar experience with their new proposals for IAS funding that had been based on extensive research and still been rejected:

It was our experience that our proposals for innovative design and delivery were not rewarded in the IAS funding round. Our 8 innovative proposals were all unsuccessful...these proposals were based on several millions of dollars of CRC research and innovation funding from the Australian and State and Territory governments and private industry.⁶¹

3.54 At the hearing on 29 June 2015, PM&C confirmed that in assessing applications they were informed by a need not to leave gaps in existing services:

...one of our real focuses was on making sure we did not upset or discontinue existing effective frontline services...⁶²

3.55 Ms Caroline Edwards, First Assistant Secretary, PM&C, added that in the Safety and Wellbeing program:

...it is probably true to say that many of our current providers were re-funded and at similar levels to previously.⁶³

3.56 Ms Edwards argued that the value of the IAS process should not be underestimated, as many new providers and activities had been funded, alongside continuing funding for established organisations with a history of delivering good outcomes. The example of funding awarded under the IAS' Social and Emotional Wellbeing Program was given, in which:

We have new activities, we have new providers, we have maintained a large number and we have also reduced some. We have also quarantined some funding and we ask, "Those people did not apply or they no longer want to do it. How should we do it?" We have looked at those. If you look at the previous [Social and Emotional Wellbeing Program] the situation is even more complicated. We have a large number of providers who did not apply or who did not apply for the sort of activity they were doing before. We had

60 *Committee Hansard*, 29 June 2015, pp 51-52.

61 *Submission 13*, p. 4.

62 Ms Carroll, PM&C, *Committee Hansard*, 29 June 2015, p. 51.

63 *Committee Hansard*, 29 June 2015, p. 52.

a good look at those and often there was a good reason for [them not applying] - they were not the best way.

We have maintained funding for quite a large number, but we have new providers, expanded providers, we have reduced and ceased providers and, subsequent to the round, we have been continuing to find ways to do that sort of funding...But we were unashamedly careful about existing service systems. I think we have demonstrated care but we have made sure that we do not break what is working but we do give opportunities for innovation.⁶⁴

3.57 At the committee's final hearing on 1 March 2016, Mr Andrew Tongue, Associate Secretary, Indigenous Affairs, PM&C agreed that the process had been disruptive for the sector, however, he continued:

[F]or the first time [the committee], the sector and [the department] are able to see this sweep of funding in Indigenous affairs across \$1.2 billion worth of funding. That throws up a series of policy questions about 'Why this and not that?' or, in some communities, 'Why six of those rather than one?' It also begs a series of policy questions about 'So how much of this money is allocated against evidence and how much is it, what I call, the geological layers of governments and ministers and bureaucracies over time?' The significance of that is quite powerful in shaping the Indigenous affairs agenda, going forward.⁶⁵

Finalising funding

3.58 The committee received evidence that suggested that some organisations did not receive sufficient information about successful applications. As organisations submitted a single application for IAS funding even when they were proposing multiple programs, some organisations were successful for some programs but not for others. The committee heard evidence that communications from PM&C lacked clarity about whether applications had been approved or rejected. This appears to have been particularly acute where an applicant sought funding for more than one program or activity, with applicants left uncertain as to whether applications were fully or partially approved, and which specific activities had been approved or rejected.

3.59 For example, some organisations were sent an email advising they were successful but not indicating which program/s was successful. They then received an email saying they were unsuccessful, again not indicating which program/s was unsuccessful.⁶⁶

3.60 Ms Collins, NATSILS and APO NT, explained that trying to find out information about successful and unsuccessful applications had been difficult:

64 *Committee Hansard*, 29 June 2015, p. 52.

65 *Proof Committee Hansard*, 1 March 2016, p. 11.

66 Ms Priscilla Collins, Deputy Chairperson, National Aboriginal and Torres Strait Islander Legal Services (NATSILS) and Chief Executive Officer, Aboriginal Peak Organisations of the Northern Territory (APO NT), *Committee Hansard*, 29 June 2015, p. 33.

I had to ring the [helpline] to find out what was going on. I was told, 'Yes, you have been successful for this.' I said, 'But we applied for all these different programs', and they said, 'Oh, well, we will have to get back to you on that.' Then you have to ring again to find out: 'Can somebody tell me if we were successful on this or unsuccessful on this?' Every single person I spoke to on the phone gave me a different answer, so we just had to wait until someone official rang us.⁶⁷

3.61 AHMRC also reported that the provision of information remained slow and inconsistent even after the round has been completed:

Information regarding the IAS has been limited, slow and inconsistent. To date, the Department has only released a list of services approved for funding, there is no national picture of the amounts approved, the length of contracts (some services got three years, some only one), why some services did not get funded, or why funding was awarded to government departments and universities. Some services are still awaiting a meeting with the Department to discuss their funding contract, five weeks following the announcements. One service has had no notification from the Department since submitting their application.⁶⁸

3.62 Mr David Jan, Manager of Policy Development and Corporate Services, Local Government Association of the Northern Territory, spoke about the experience of the MacDonnell Regional Council where, following a successful application, in negotiations with the Department, the Council were funded for the same amount they received previously. This was apparently with no reference to what was contained in their application where they had been asking for more funding.⁶⁹ Mr Jan added that the Council had spent \$20,000 on a consultant to assist them with their application and engaged in extensive consultation with remote communities in order to capture in their application the program delivery wanted by the community.⁷⁰

3.63 Receiving generic or no feedback on unsuccessful applications appears to have been particularly frustrating. Mr Owen Cole, Member, Combined Aboriginal Organisations of Central Australia, described his disappointing experience to the committee,⁷¹ as did Mr Matt Fawkner, Principal Legal Officer, Katherine Women's Information and Legal Service.⁷²

3.64 The committee heard evidence that finalising funding agreements was confusing and time consuming for applicants, with associated delays causing operational challenges for some services. At the public hearing on 29 June 2015, Ms Collins, NATSILS and APO NT, confirmed that NATSILS' funding agreement

67 *Committee Hansard*, 29 June 2015, p. 33.

68 *Submission 12*, p. 1.

69 *Proof Committee Hansard*, 16 February 2016, p. 45.

70 *Proof Committee Hansard*, 16 February 2016, p. 43.

71 *Proof Committee Hansard*, 16 February 2016, p. 37.

72 *Proof Committee Hansard*, 16 February 2016, p. 28.

was one of the agreements that was not yet completed, despite her best efforts to contact PM&C. The committee heard that Ms Collins had contacted PM&C the week previously, but had not heard back from the department. Given this, she commented that NATSILS would have to exist on their financial reserves until the agreement was finalised.⁷³

3.65 Funding under the IAS was scheduled to commence from 1 July 2015 (noting that some contracts are not due to expire until 31 December 2015 or beyond). At the public hearing on 29 June 2015, PM&C stated that 700 - or 72 per cent of agreements - had been executed, leaving a number of funding agreements still unconfirmed.⁷⁴ However, PM&C commented that 90 per cent of the remaining negotiations over funding agreements had been completed.⁷⁵

Eight months on

3.66 Almost eight months elapsed between the committee's June 2015 and February 2016 hearing and the committee was hopeful that issues raised in early-mid 2015 would have improved over that time. Unfortunately the evidence received did not ameliorate the committee's concerns regarding issues with implementation.

3.67 Ms Collins, who is also the Chief Executive Officer of the North Australian Aboriginal Justice Agency's (NAAJA), and who spoke with the committee in June 2015 regarding NATSILS' contract, told the committee that NAAJA's contract runs out on 30 June 2016 and:

Since October last year, I have been chasing Minister Scullion's office, PM&C and the Attorney-General's Department to find out what the next stage is, because applications really should have opened around November if they are going to have funding available commencing 1 July. I have not received any feedback to date about what stage it is up to. We do not know: is there an application round? Are we getting an extension of funding? Do we have to do an application? Is it an automatic grant? No-one is telling us anything. I have four months left and I have staff contracts that run out at that time. If I have to let staff go, I will guarantee that we will be cutting our services and that is going to have a huge impact on the court system. This is what the Indigenous Advancement Strategy was for. It was to support Aboriginal people, and we are the ones who are left in the dark. We find the whole process totally disappointing and unprofessional.⁷⁶

3.68 Ms Collins added:

We do have a lot of support from Minister Scullion's office, but I think the information that has been given to them is not correct. They have been out trying to find what is actually going on themselves. It is the same with the Attorney-General's Department: trying to find out what is really going on.

73 *Committee Hansard*, 29 June 2015, p. 34.

74 Ms Carroll, PM&C, *Committee Hansard*, 29 June 2015, pp 45, 55.

75 Ms Carroll, PM&C, *Committee Hansard*, 29 June 2015, p.55.

76 *Proof Committee Hansard*, 16 February 2016, pp 3-4, 11.

You go to PM&C, and they say, 'Oh, we're talking to people at the Attorney-General's office.' Who are you talking to in the Attorney-General's office? No-one is giving you a definite answer of what is going on, so there is all this communication that is not there. There is no communication from PM&C to any organisation, and that is just NAAJA, so there are a lot more Aboriginal organisations out there that are not getting any feedback.

I was in a meeting for another program a couple of weeks ago, and one of the PM&C staff members who were there said they were looking at revising the guidelines. I said: 'Why aren't people told this? Why aren't letters being sent out to organisations? We don't know anything that's going on.'⁷⁷

3.69 The future for APO NT also appeared to be unclear as explained by Mr John Paterson, Chief Executive Officer:

We have an application in with Prime Minister and Cabinet...we have not had any indication about when we are going to be notified. We have got staff employed. We have got two programs—the governance and management program; and the APO NT secretariat positions—and they expire June 30 this year and we have had no response in terms of our application or about when we can expect a decision.⁷⁸

3.70 This was also the case for the Northern Territory Legal Aid Commission, which since September 2015 has been trying to find out further information about the process for funding post-June 2016.⁷⁹ Similarly, the Katherine Women's Information and Legal Service were also unaware of what will happen to their funding after 30 June 2016.⁸⁰

Initial outcomes

3.71 The committee was not reassured by some of the outcomes able to be achieved to date. Mr Graham Dowling, Interim Chairman, Combined Aboriginal Organisations of Central Australia, spoke of the impact on Central Australia based on a survey undertaken by the Alice Springs Chamber of Commerce :

The Alice Springs Chamber of Commerce surveyed local members about the impacts of the IAS and all feedback received spoke about the negative impact of reduced funding. Thirty-three members of the chamber responded to the survey. Some of the findings included 52 per cent of respondents stating that they have received less funding from ongoing projects and 63 per cent saying staff would be made redundant as a result of the reduced funding. Further, 82 per cent said between one and 15 staffing positions would be lost—93 per cent of the positions lost were held by Indigenous staff—with 50 per cent saying that staff affected are located in remote

77 *Proof Committee Hansard*, 16 February 2016, p. 6.

78 *Proof Committee Hansard*, 16 February 2016, p. 11.

79 Ms Seranie Gamble, Outreach Project Officer, Northern Territory Legal Aid Commission, *Proof Committee Hansard*, 16 February 2016, pp 23-24, 26.

80 Mr Matt Fawkner, Principal Legal Officer, Katherine Women's Information and Legal Service, *Proof Committee Hansard*, 16 February 2016, pp 28-30.

regions and 43 per cent in major centres. One hundred per cent of respondents said that the funding decreases would result in social impacts on their communities, with 84 per cent saying this would result in a social impact in major centres.⁸¹

3.72 Although the 2015 survey by the Chamber of Commerce has not been updated Mr Owen Cole, Member, Combined Aboriginal Organisations of Central Australia spoke about the common experiences and outcomes for several organisations.⁸²

3.73 Mr Dowling stressed that the outcomes of the IAS process have affected the relationship between Aboriginal community controlled organisations and the department:

The [Combined Aboriginal Organisations of Central Australia (CAO)] has organisations within its membership that have been delivering essential front line services and programs in the region for 30 to 40 years. These organisations either were overlooked or received reduced levels of funding for reasons that neither the department staff nor the minister could explain. Some funding decisions were reversed by government when the realisation hit home that antisocial behaviour in major centres like Alice Springs would only increase as a result of IAS funding cuts. This added to the general level of confusion and frustration felt by our member organisations, as it created another level of uncertainty. The high level of reporting and lack of long-term funding arrangements show the deep level of distrust within the department on the ability of Aboriginal organisations to deliver the best outcomes for our communities.⁸³

3.74 Mr Jan stressed that for all the effort put into application process the funding outcomes for many organisations did not change:

...the contracts that they are on now are the same as what they were on before. So, as I said, they felt they went to a lot of effort just to go on with the status quo, whereas they really could have just kept on going.⁸⁴

PM&C reviews of the transition to the IAS and funding rounds

3.72 At the June 2015 hearing the committee was told that PM&C would be undertaking internal and external reviews of the IAS processes.

Internal review

3.75 At the June 2015 hearing PM&C also stated the department was undertaking an internal review 'purely on the grant round' that would look at:

81 *Proof Committee Hansard*, 16 February 2016, p. 35.

82 *Proof Committee Hansard*, 16 February 2016, p. 37. See also Mr Graham Dowling, Interim Chairman, Combined Aboriginal Organisations of Central Australia, *Proof Committee Hansard*, 16 February 2016, p. 37; Mr Matt Fawkner, Principal Legal Officer, Katherine Women's Information and Legal Service, *Proof Committee Hansard*, 16 February 2016, pp 31-33.

83 *Proof Committee Hansard*, 16 February 2016, pp 35-36.

84 *Proof Committee Hansard*, 16 February 2016, pp 43,44.

The areas that we were looking at [are to]: assess the efficiency and effectiveness of the IAS funding round with emphasis on planning and processes; resourcing; the governance of the funding round; our IT and system infrastructure; our internal communication processes; and other features of processes and administration as raised.⁸⁵

3.76 Ms Carroll, PM&C, described to the committee why these reviews are being undertaken, as well as the differences between them:

Feedback received directly by the department and through submissions to the inquiry process has indicated that there was a mixed level of awareness and understanding of these new arrangements. The department acknowledges this and...has started a process to review the funding round process and the guidelines. The reviews are twofold. There is an external review and there is also an internal departmental review. We have started to write to people out in the sector and also key leaders in the area to consider what we will be doing in the post-implementation review of the funding round. The review will consider processes, administration and communication around the funding round. The review of the IAS guidelines will include consideration of matters such as program descriptions, linkages to the outcomes and additional information that could be included in any guidelines in the future. We will be consulting widely on these elements.⁸⁶

3.77 Ms Carroll explained that consultation would be undertaken as part of the external review:

The consultation process will begin in July [2015] and we are currently working through the details, but there will be a range of mechanisms, not just face-to-face mechanisms, for this process. We have also engaged an independent consultant to help us with an internal post-implementation review so we can look at our internal processes and make any changes as we go forward.⁸⁷

3.78 Mr Gooda welcomed the external review by PM&C, as it offered a positive step forward for the government and Indigenous Australians:

I think it is time to move on from pointing out all the mistakes and concerns that I have to welcome the review [of] the IAS guidelines and the funding processes announced last week by the Department of the Prime Minister and Cabinet. I think this is desperately needed so that, together with Aboriginal and Torres Strait Islander peoples, a way forward can be charted. The serious concerns of our communities not only need to be heard in processes such as this committee hearing and the upcoming review process; they need to be addressed across the whole gamut of programs across government. I hope that this process is conducted in genuine partnership and good faith with our people to produce a system that is going

85 Ms Black, PM&C, *Committee Hansard*, 29 June 2015, p. 56.

86 *Committee Hansard*, 29 June 2015, p. 45.

87 *Committee Hansard*, 29 June 2015, p. 45.

to deliver real benefits for Aboriginal and Torres Strait Islander communities.⁸⁸

3.79 PM&C indicated at the hearing on 29 June 2015 that the internal review process was already underway and should finish in the next 'three to four weeks';⁸⁹ PM&C also indicated at this hearing that the external review process was scheduled to commence around the end of July 2015.⁹⁰

3.80 PM&C provided a copy of the executive summary, key findings, recommendations and conclusion of the independent internal review of IAS as the answer to a question on notice from the Supplementary Budget Estimates round held in October 2015.⁹¹ The internal review covered the following areas: planning, resourcing, governance and assessment of the funding round, IT/system infrastructure, communication processes and other features, processes and administration as raised.⁹²

External review

3.81 In the week prior to the 29 June 2015 hearing, PM&C sent out letters announcing that there would be an external review of the IAS Guidelines, and that this would involve some consultation with key stakeholders.⁹³

3.82 At the public hearing on 1 March 2016, PM&C were able to provide the committee with further information about the conduct of the external review. Ms Susan Black, First Assistant Secretary, PM&C, explained that the process was not a 'formal' external review and there were no documented terms of reference for the review but that PM&C had 'documented criteria that we would talk to people about'.⁹⁴

3.83 In terms of the input to the review, Ms Black noted:

[W]e had read the 86 submissions that came to [the committee's] inquiry and we got the feedback through 700-odd bits of input to the national office after the grant round, so we went out and we talked to people about that feedback in looking at the guidelines.⁹⁵

88 *Committee Hansard*, 29 June 2015, p. 2.

89 Ms Black, PM&C, *Committee Hansard*, 29 June 2015, p. 56.

90 Ms Black, PM&C, *Committee Hansard*, 29 June 2015, pp 57, 59.

91 PM&C answer to question on notice, Senate Finance and Public Administration Legislation Committee, Supplementary Budget Estimates, 23 October 2015, Question 61 (received 10 December 2015).

92 PM&C answer to question on notice, Senate Finance and Public Administration Legislation Committee, Supplementary Budget Estimates, 23 October 2015, Question 61 (received 10 December 2015).

93 Ms Carroll, PM&C, *Committee Hansard*, 29 June 2015, p. 45. PM&C tabled this letter at the hearing, see 'Letter and fact sheet for peak bodies on IAS external review', Tabled Document 4, Canberra 29 June 2015

94 *Proof Committee Hansard*, 1 March 2016, p. 6.

95 *Proof Committee Hansard*, 1 March 2016, p. 6.

3.84 The Department also undertook public consultations, which were led by an external facilitator.⁹⁶ During those public consultations PM&C consulted more than 500 people during 17 sessions across the country in order to address the issues raised with them.⁹⁷ Ms Black explained how participants were notified of these sessions:

We had about 3,500 to 3,800 people who have either current applicants or current funding recipients or people who had registered an interest in the IAS. An email was sent to all of those organisations notifying them that we do sessions around the country. We put up a note on our website to advertise it and we also put advertisements in a number of papers across the country.⁹⁸

3.85 In terms of the nature of the discussion at the public consultations, Ms Black stated:

For the purposes of the presentation that was provided to people, we worked through each of the segments of the guidelines... That went through the current guidelines, what they may look like in terms of avenues for funding, how the selection criteria might be documented, how the program information might be presented within the guidelines. It is quite a large document, as I am sure you understand, so we noted in our public notification of the meetings that it was on the revision of the guidelines, and then we took people through a structured presentation during the sessions.⁹⁹

3.86 Ms Black noted that no formal report has been prepared following the consultation process:

[W]e had scribes from the department at every one of those meetings. Their job was to make sure that we caught every bit of feedback that arose.¹⁰⁰

3.87 Mr Tongue, PM&C, indicated that there is no plan for consultation to occur on a draft version of the revised guidelines, however, there will be a phase-in period between the current guidelines and the revised guidelines.¹⁰¹

3.88 At the time of the last hearing in Canberra on 1 March 2016 the revised guidelines were yet to be released after being due in February 2016.¹⁰² PM&C stated the revised guidelines would be released 'shortly'.¹⁰³

96 Ms Black, PM&C, *Proof Committee Hansard*, 1 March 2016, p. 6.

97 Mr Andrew Tongue, Associate Secretary, Indigenous Affairs, PM&C, *Proof Committee Hansard*, 1 March 2016, pp 1, 3.; Ms Black, PM&C, *Proof Committee Hansard*, 1 March 2016, p. 7.

98 *Proof Committee Hansard*, 1 March 2016, p. 3.

99 *Proof Committee Hansard*, 1 March 2016, p. 6.

100 *Proof Committee Hansard*, 1 March 2016, p. 6.

101 *Proof Committee Hansard*, 1 March 2016, p. 4.

102 Mr Tongue, Associate Secretary, Indigenous Affairs, PM&C, *Proof Committee Hansard*, 1 March 2016, p. 1. See Ms Seranie Gamble, Outreach Project Officer, Northern Territory Legal Aid Commission, *Proof Committee Hansard*, 16 February 2016, pp 23-24.

ANAO Audit

3.89 ANAO has an audit underway to assess whether PM&C has effectively established and implemented the IAS and the report is due to be tabled in spring 2016.¹⁰⁴

Conclusion

3.90 The committee acknowledges that submitters and witnesses saw the potential benefit of streamlining 150 programs into five priority areas through the IAS process. It was seen that this change could offer greater flexibility and scope to develop on the ground, targeted responses to issues in communities. It was also seen as an opportunity to cut red tape and reduce bureaucracy.

3.91 However, the committee heard that the reality was that the timetable to bed down the policy and administrative changes involved in a shift of this magnitude was too ambitious. There was little to no consultation or engagement with communities and organisations on this fundamental change to Aboriginal and Torres Strait Islander programs and no input sought at the start of this process. In addition to implementing a completely new and untested way of doing business, the process was further complicated by machinery of government changes and budget cuts.

3.92 In addition to challenges associated with machinery of government changes, many organisations may have been impacted by changes to the Department of Social Services (DSS) tendering processes. In the 2014-15 Budget the Government announced a reduction of around a quarter in grants funding provided by DSS. After this cut the Government was forced to introduce multiple rounds of emergency funding, to address gaps in frontline services.¹⁰⁵

3.93 The reductions in funding through the IAS were announced in the 2014-15 Budget, at the same time as the cuts and changes to the DSS tendering process. As reflected in a number of submissions, there are overlapping concerns about the two processes.¹⁰⁶ In the view of the committee both processes reflected fundamentally similar problems:

- a lack of consultation;
- rushed processes with poor transparency;
- cutting the number of funding areas created significant challenges as organisations had to refocus their applications;

103 Mr Tongue, PM&C, *Proof Committee Hansard*, 1 March 2016, p. 3.

104 See: <http://www.anao.gov.au/Publications/Audits-in-Progress?portfolio=6851D4DB02CD486CAD48406B81BF517C> (accessed 4 March 2016).

105 Senate Community Affairs References Committee, *Impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services*, 16 September 2015, p. 1.

106 Western Australian Council of Social Service, *Submission 49*, p. 2; National Congress of Australia's First Peoples, *Submission 84*, p. 10.

- uncertainty for providers, and negative impacts on smaller organisations; and
- resulting gaps in service delivery

3.94 It is concerning that such fundamentally similar failures were replicated across multiple areas.

3.95 In addition to the lack of consultation at the start of the process and the short timetable for transition, the committee is concerned about many elements of the program design. The committee questions the evidence base for the program design. While PM&C were able to identify the analysis done by the ANAO and the Department of Finance as the evidence underpinning the case for policy change to the service delivery of Indigenous programs, it did not articulate the evidence base for the development of the IAS as the means by which to address earlier policy failings in this area.

3.96 While there was support for streamlining, the five streams do not appear to clearly or adequately cover the field of programs required to meet the objectives of this policy shift. In addition, the shift to a competitive tendering model appeared to disadvantage Indigenous organisations. The IAS processes disadvantaged smaller Indigenous organisations with less experience in applying for competitive funding, and who lacked the resources to hire such expertise, compared with larger non-government organisations. The process also did not appear to recognise the enhanced outcomes of service delivery by Indigenous organisations.

3.97 The committee notes that the number of Indigenous organisations funded increased under the IAS grant funding round from about 30 per cent in December 2014 to about 45 per cent after the funding round.¹⁰⁷

3.98 The committee also notes the evidence from PM&C that there is no intention to do a further blanket funding round.¹⁰⁸ The committee understands that future funding rounds will be focussed on particular issues. The committee is concerned that the analysis and process by which these issues will be selected is unclear at this stage.

3.99 The committee notes the considerable administrative costs, \$1,759,622, incurred by engaging external organisations to assist with administration processes and probity advice. Despite all this assistance the administration issues were significant and included: an unreasonable timetable for applications; a lack of clear and reliable information available to applicants; a lack of clarity around incorporation requirements; and the advice and feedback to successful and unsuccessful applicants was often unclear and/or generic.

3.100 Changes to the process as it was underway, including the funding extension and the 'gap filling' processes, made it appear as if the IAS was being adapted on the run, which to many stakeholders meant the new process lacked transparency and was not a level playing field.

107 Senator the Hon Nigel Scullion, Minister for Indigenous Affairs, 'Minister Scullion: Greens not telling whole story on IAS funding', Media release, 5 May 2015.

108 Mr Tongue, PM&C, *Proof Committee Hansard*, 1 March 2016, p. 4.

3.101 Communication throughout the process was poor, confused and confusing. It was clear to the committee that due to the lack of appropriate communication and information, the process was not well understood as evidenced by almost half the applications being non-compliant.

3.102 The initial communication strategy appears to have given some stakeholders the impression that the IAS encouraged 'thinking big' and for pushing innovative solutions. This set expectations in the community that have not materialised. Combining these high expectations with the poor and confused process, the committee can understand why people are disappointed and, in some cases, even angry.

3.103 At the same time that aspirations for the programs were growing, funding was being cut to some programs. For all the upheaval created, the outcome appears to be that organisations funded previously have, by and large, been funded to do the same activities with less money. Of particular concern is that the funding uncertainty across the sector has led to experienced staff being lost.

3.104 The committee finds it profoundly disappointing that eight months after acknowledging shortcomings such as the lack of consultation and information provided to applicants, the situation does not appear to have improved. Many organisations are in the same position they were last year of having funding running out on 30 June 2016 and not knowing what the next steps are. This is despite the minister's assurances that the new process would result in longer term funding contracts. In addition the committee notes that the release of the revised guidelines to apply for funding that will need to start from 1 July has been delayed which will result again in a compressed period of time to lodge applications.

3.105 While some bedding down of processes is to be expected, from talking to the people affected, the committee has not been reassured that lessons are being learned. Of particular concern has been the loss of longstanding relationships between the line departments and the service providers on the ground. While witnesses spoke well of the PM&C officers in regional offices, applicants said they too had little information and the advice from the helpline is conflicting and confusing. The committee is very concerned that this loss of expertise and relationships has led to a disconnect between the people on the ground and their local needs and the decision making process undertaken in Canberra.

3.106 While the idea of IAS was welcomed, the committee believes the price paid by the Indigenous communities for implementing the unreasonable timetable was too high. This would appear to be a case of goodwill being hard to gain and easy to lose. The committee agrees with Mr Gooda's assessment that:

[T]o have confidence in the outcomes we have got to have confidence in the process.¹⁰⁹

3.107 Arising from this, the committee is concerned that the external review may not adequately address stakeholders' desire for greater involvement in program design and implementation. The process for the review appears to limit meaningful

109 *Committee Hansard*, 29 June 2015, p. 3.

engagement for stakeholders; the committee considers a review of this significance should be supported by clearly articulated terms of reference and a discussion paper, or other structured guidance to stakeholders about the scope of the review to assist them in preparing meaningful input. The decision to issue the revised guidelines in final form rather than as a draft further compounds these shortcomings.

3.108 The committee notes that PM&C acknowledged many of the shortcomings in the process. While the committee welcomes the PM&C review processes that have been underway, it notes that the findings of the internal review are very broad and do not appear to address many of the issues raised through this inquiry process. For example, the report concludes that 'despite the challenges, the processes that were in place for the first IAS open funding round were effective and enabled the round to be completed satisfactorily'. In relation to communication, a key area of concern throughout this report, the internal report notes that 'much was in place to support internal and external communication processes' and the development of a comprehensive external and internal communication plan was recommended. While the committee supports this action it is unclear whether this will address the significant communication issues identified in this report. The committee believes it is essential that the communication plan ensure that stakeholders are fully informed and have access to clear and timely information.

3.109 As extracts of the internal review released through the estimates process are very broad, the committee believes the entire review should be made public.

3.110 The committee is hopeful that the review processes undertaken, along with the revised guidelines will ultimately assist transparency and help the Department to gain back some of the trust and goodwill lost through this process. The committee strongly encourages the minister to release the revised guidelines as soon as possible.

3.111 The committee notes that the Auditor General has an audit in progress on the establishment and implementation of IAS. The committee strongly supports this audit being conducted to provide the committee and stakeholders with evidence of improvement and the committee will continue to monitor future IAS processes through estimates hearings.

Recommendation 1

3.112 The committee recommends that future tender rounds are not blanket competitive processes and are underpinned by robust service planning and needs mapping.

Recommendation 2

3.113 The committee recommends that future tendering processes should be planned strategically, with a clear sense of service gaps and community need based on consultation with local services and communities. A tendering or alternative funding process should be conducted in a manner which enhances the capacity of organisations to meet community needs.

Recommendation 3

3.114 The committee recommends that future selection criteria and funding guidelines should give weighting to the contribution and effectiveness of Aboriginal and Torres Strait Islander organisations to provide to their community beyond the service they are directly contracted to provide.

Recommendation 4

3.115 The committee recommends that where possible and appropriate, longer contracts be awarded to ensure stability so that organisations can plan and deliver sustainable services to their communities.

Recommendation 5

3.116 The committee recommends that the Department of the Prime Minister and Cabinet improve its overall Indigenous Advancement Strategy communication plan to ensure that all stakeholders are fully informed and have access to clear and timely information.

Recommendation 6

3.117 The committee recommends that the full internal review of the Indigenous Advancement Strategy process undertaken and facilitated by the Department of the Prime Minister and Cabinet be made public.

Recommendation 7

3.118 The committee recommends that the Government release the revised funding guidelines as a draft for consultation with Aboriginal and Torres Strait Islander communities and their organisations.

Recommendation 8

3.119 The committee recommends that Government prioritise investment in capacity building and support for smaller community controlled organisations in future tender processes.

Recommendation 9

3.120 The committee recommends that the Government act immediately to address the 30 June 2016 funding deadline for organisations.

Senator Jenny McAllister

Chair

Government senators' additional comments

1.1 The government is committed to improving outcomes for First Australians. The Indigenous Advancement Strategy (IAS) is focussed on delivering outcomes and is empowering organisations. Senator the Hon Nigel Scullion, Minister for Indigenous Affairs has noted:

Through the IAS funding round, 46 per cent of organisations funded were Indigenous (up from 30 per cent) and they received 55 per cent of total funding. These figures are heading in the right direction and we are confident we can do even better in the future.¹

1.2 The government has acknowledged that there are lessons to be learned from the first IAS funding round and to this end PM&C established internal and external reviews in June 2015. The executive summary, key findings, recommendations and conclusions of the internal review were provided to the Senate Finance and Public Administration Legislation Committee through the 2015-16 Supplementary Estimates round. This review made recommendations to improve planning processes, resources, governance and assessment, IT and infrastructure and communication.²

1.3 In addition the external review of the application guidelines has been completed with the revised guidelines to be released shortly.³

1.4 Government senators acknowledge that this process has been disruptive for organisations and some organisations have missed out on funding. However the government is determined to ensure that money is serving Aboriginal and Torres Strait Islander communities best, therefore it should be provided to organisations which are achieving positive outcomes. Mr Tongue, PM&C, summarised what the process has achieved:

Yes, it has been disruptive in the sector, but for the first time you—because we have provided everything that we have funded to the committee through Senate estimates—the sector and we are able to see this sweep of funding in Indigenous affairs across \$1.2 billion worth of funding. That throws up a series of policy questions about 'Why this and not that?' or, in some communities, 'Why six of those rather than one?' It also begs a series of policy questions about 'So how much of this money is allocated against evidence and how much is it, what I call, the geological layers of governments and ministers and bureaucracies over time?' The significance

1 Senator the Hon Nigel Scullion, Minister for Indigenous Affairs, Community-driven approach key to Closing the Gap, Media release, 10 February 2016.

2 See Answer to question on notice 61 for Supplementary Budget Estimates.

3 Mr Andrew Tongue, Associate Secretary, Indigenous Affairs, PM&C, *Proof Committee Hansard*, 1 March 2016, p. 3.

of that is quite powerful in shaping the Indigenous affairs agenda, going forward.⁴

1.5 Mr Tongue emphasised the increased transparency:

I think it is a very big change agenda and, typically, in government, those big change agendas—one thinks back to the employment services market—take a little while to work through. I think we are probably at a stage in this funding process where we are being more transparent than ever. I am hoping that that elicits some response from not just the sector but universities and others to ask us harder questions about funding directions and processes going forward. The Prime Minister has made clear a commitment to move to working in a more consultative way with communities, and the program allows us to do that. As we transition, there have been some ups and downs and some bumps, but I think there is quite a lot of power in having the money together.⁵

Timeline of inquiry

1.6 The length of time it has taken for this inquiry to report is disappointing and government senators question the value of the reporting extensions.

1.7 The inquiry was initiated in March 2015 with a hearing held in June 2015 but the final hearings were not held until February and March 2016. One of the aims of a Senate inquiry is to improve systems and processes and to this end reporting as soon as possible closer to the original reporting date of 18 June 2015 would have been of more assistance to PM&C with any follow-up issues monitored through the estimates process.

1.8 The lengthy timeline of the inquiry facilitated conflation of funding processes in previous years.⁶ Further, some witnesses at the Darwin hearing had not provided a submission to the inquiry and many witnesses had not applied for funding under IAS.⁷

1.9 The lengthy timeline of the inquiry also facilitated witnesses using the process as an opportunity to discuss concerns with other government programmes.

1.10 It also should be noted that it is important for Committee inquiries to consider the views from communities that actually receive the services that are the subject of the inquiry, not just those of service providers whose views on the IAS are likely to be dependent on their success in the funding round.

4 Mr Andrew Tongue, Associate Secretary, Indigenous Affairs, PM&C, *Proof Committee Hansard*, 1 March 2016, p. 11.

5 Mr Andrew Tongue, Associate Secretary, Indigenous Affairs, PM&C, *Proof Committee Hansard*, 1 March 2016, p. 11.

6 Mr Owen Cole, Member, Combined Aboriginal Organisations of Central Australia, *Proof Committee Hansard*, 16 February 2016, pp 39-40.

7 Ms Christina Davidson, Chief Executive Officer, Association of Northern Kimberley and Arnhem Aboriginal Artists, *Proof Committee Hansard*, 16 February 2016, p. 48.

1.11 Government senators acknowledge the heavy workload on committees but believe better outcomes could have been achieved by a much shorter inquiry timeline.

Senator Cory Bernardi
Deputy Chair

Senator Joanna Lindgren

Additional comments of the Australian Greens

1.1 The Finance and Public Administration's inquiry into the Commonwealth Indigenous Advancement Strategy (IAS) tendering processes is an important step in understanding failures in Government policy and process, and making recommendations to improve to it. The evidence to the inquiry shows that the IAS process was chaotic and flawed. It involved cuts to services, and multiple significant implementation problems. As noted in the report, these problems include:

- Major gaps in service delivery
- A lack of consultation
- Rushed processes with poor transparency
- Cutting the number of funding areas created significant challenges, with many programs not captured by the reduced funding areas
- Challenges for smaller organisations without the capacity to develop applications in the time frame, or resources to employ consultants to develop applications, and
- Significant uncertainty for providers, with a very unclear and non-transparent process.

1.2 The IAS implementation was deeply flawed, and had very real, negative impacts for communities across Australia. The Australian Greens support the report and recommendations of the committee, however we recommend that the Government take additional action.

Reinstating funding

1.3 In addition to the multiple significant implementation failures, the IAS was a significant cut to funding services for Aboriginal and Torres Strait Islander programmes. The initial cut in the 2014-15 Budget was \$534.4 million,¹ and in subsequent budget updates there were further cuts.²

1.4 These cuts to funding occur in a context where Aboriginal and Torres Strait Islander peoples in Australia experience systematic disadvantage. The latest Prime Minister's *Closing the Gap 2016* report shows little progress on many of the indicators.³

1 'Indigenous Affairs Programmes – rationalisation' in *Budget 2014-15, Budget Paper No. 2: Budget Measures*, Part 2: Expenses Measures, Prime Minister and Cabinet. Available at: www.budget.gov.au/2014-15/content/bp2/html/bp2_expense-20.htm.

2 \$17.8 million in cuts to indexation, and redirection of \$21.1 million from the IAS to the Women's Safety Package. See Mid-Year Economic and Fiscal Outlook 2015-16, Appendix A: Policy decisions taken since the 2015-16 Budget. Available at: www.budget.gov.au/2015-16/content/myefo/html/11_appendix_a_expense.htm.

3 Department of the Prime Minister and Cabinet, *Closing the Gap: Prime Minister's Report 2016*. Available at: http://closingthegap.dpmc.gov.au/assets/pdfs/closing_the_gap_report_2016.pdf.

1.5 Funding cuts represent very real gaps in service for communities. A reduction in funding to a community centre or legal service can have a very significant impact. Given the significant challenges that Aboriginal and Torres Strait Islander peoples face, the Government should not be removing funding for services.

Service gaps

1.6 A consistent theme in evidence to the inquiry was the significant gaps that occurred as a result of the IAS. Evidence to the inquiry shows that these persist even after PM&C has attempted a gaps analysis.⁴

1.7 These gaps reflect the need for appropriate analysis of community needs. The Australian Greens support the committee's recommendations that future tender rounds be based on a strong understanding of the services available, and community needs (Recommendations 2 and 3).

1.8 Funding and service gaps have very real world impacts. Unfunded legal and community services, and other programs, represent a loss of support to struggling communities.

The Australian Greens recommend that:

- **The Government reinstate the funding to Aboriginal and Torres Strait Islander peoples' programs cut by the Abbott/Turnbull Government.**
- **The Government address the remaining funding gaps from the IAS funding rounds, including funding legal services in the Barkly region.**

Senator Rachel Siewert

⁴ Senate Finance and Public Administration References Committee, *Report on the Inquiry into the Commonwealth Indigenous Advancement Strategy Tendering Process*, 16 March 2016, pp 43-44.

APPENDIX 1

Submissions and additional information received by the committee

Submissions

- 1 Point Pearce Aboriginal Corporation
- 2 Bloodwood Tree Association Inc
- 3 KENJARHY Services Pty Ltd
- 4 Mrs Julie Okely
- 5 Family Support Newcastle
- 6 Mabunji Aboriginal Resource Assn Inc
- 7 Malabam Health Board Aboriginal Corporation
- 8 Mingaletta Aboriginal and Torres Strait Islander Corporation
- 9 Halls Creek Healing Taskforce
- 10 Lyndon Community
- 11 Inala Wangarra Inc
- 12 Aboriginal Health and Medical research Council of NSW
- 13 Ninti One Limited
- 14 North Australian Aboriginal Family Violence Legal Service
- 15 Aboriginal and Torres Strait Islander Social Justice Commissioner
- 16 Kimberley Institute
- 17 National Aboriginal and Torres Strait Islander Legal Services (NATSILS)
- 18 Emeritus Professor Jon Altman
- 19 Ms Henrietta Marrie
- 20 National Aboriginal and Torres Strait Islander Higher Education Consortium
Aboriginal Corporation
- 21 Goldfields Land and Sea Council
- 22 Jumbunna Indigenous House of Learning
- 23 Queensland University of Technology
- 24 The Hon Fred Chaney AO
- 25 The Cultural Centre
- 26 Literacy for Life Foundation

- 27 Edith Cowan University
- 28 Galambila Aboriginal Health Service Inc.
- 29 New South Wales Aboriginal Education Consultative Group Inc.
- 30 Kimberley Land Council
- 31 Laynhapuy Homelands Aboriginal Corporation
- 32 Creative Economy Pty Ltd
- 33 Ms Colleen Henry
- 34 Community Council for Australia
- 35 Catholic Social Services Australia
- 36 Victorian Aboriginal Education Association Incorporated
- 37 Innovative Research Universities
- 38 Aboriginal Medical Service Western Sydney
- 39 Batchelor Institute of Indigenous Tertiary Education
- 40 Monash University
- 41 Save the Children Australia
- 42 School of Indigenous Studies
- 43 Good Beginnings Australia
- 44 Reconciliation Australia
- 45 Victorian Aboriginal Child Care Agency (VACCA)
- 46 New South Wales Aboriginal Education Consultative Group Inc.
- 47 VACCHO
- 48 Department of the Prime Minister and Cabinet
- 49 WA Council of Social Service (WACOSS)
- 50 Central Desert Native Title Services
- 51 Institute for Aboriginal Development (IAD)
- 52 Aboriginal Health Council of Western Australia
- 53 University of Newcastle
- 54 The Law Society of New South Wales
- 55 Charles Darwin University
- 56 Victorian Council of Social Service
- 57 Family and Relationship Services Australia
- 58 Tharawal Aboriginal Corporation
- 59 North Australian Indigenous Land & Sea Management Alliance Ltd

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- 60 Group of Eight Australia
 - 61 Aboriginal Child, Family & Community Care State Secretariat (AbSec)
 - 62 Katherine Women's Information and Legal Services
 - 63 Tharawal Local Aboriginal Land Council
 - 64 Reconciliation Western Australia
 - 65 Central Land Council
 - 66 Danila Dilba Health Service
 - 67 Universities Australia
 - 68 Dr Elise Klein
 - 69 The Lowitja Institute
 - 70 National Aboriginal Community Controlled Health Organisation (NACCHO)
 - 71 Oxfam Australia
 - 72 Aboriginal Peak Organisations of the Northern Territory (APO NT)
 - 73 Regional Development Australia Pilbara
 - 74 Central Australian Youth Link-Up Service
 - 75 Aboriginal Medical Services Alliance of the Northern Territory (AMSANT)
 - 76 Marninwarntikura Fitzroy Women's Resource Centre
 - 77 Mr Nigel Kurz
 - 78 Law Council of Australia
 - 79 Combined Aboriginal Organisations of Central Australia
 - 80 ANTaR
 - 81 Aboriginal Family Law Services (WA)
 - 82 Close the Gap Campaign
 - 83 National Family Violence Prevention Legal Services
 - 84 National Congress of Australia's First Peoples
 - 85 Kimberley Aboriginal Law and Culture Centre
 - 86 Northern Territory Legal Aid Commission

Additional information

- 1 Correction to evidence from Canberra Public hearing, 29 June 2015, provided by Universities Australia, received 2 July 2015

Answer to Questions taken on Notice

1 Answer to questions taken on notice from Canberra Public hearing, 29 June 2015, provided by Universities Australia, received 2 July 2015

2 Answers to questions taken on notice from Canberra Public hearing, 29 June 2015, provided by National Aboriginal and Torres Strait Islander Legal Services (NATSILS), received 9 September 2015

3 Answers to questions taken on notice from Canberra Public hearing, 29 June 2015, provided by Department of the Prime Minister and Cabinet, received 10 September 2015

4 Answer to questions taken on notice from Darwin Public hearing, 16 February 2016, provided by Aboriginal Peak Organisations of the Northern Territory (APO NT), received 4 March 2016

5 Answers to questions taken on notice from Canberra Public hearing, 1 March 2016, provided by Department of the Prime Minister and Cabinet, received 10 March 2016

Tabled Documents

1 Department of the Prime Minister and Cabinet, IAS 2014 Grant funding round Summary of information, Tabled Document 1, Canberra 29 June 2015

2 Department of the Prime Minister and Cabinet, IAS Grant Round – Organisations recommended for funding as announced on 4 March and 27 May 2015, Tabled Document 2, Canberra 29 June 2015

3 Department of the Prime Minister and Cabinet, IAS Programme descriptions, Tabled Document 3, Canberra 29 June 2015

4 Department of the Prime Minister and Cabinet, Letter and fact sheet for peak bodies on IAS external review, Tabled Document 4, Canberra 29 June 2015

5 Katherine Women's Information and Legal Services, Tabled Document, Darwin 16 February 2016

APPENDIX 2

Public Hearings

Monday, 29 June 2015
Senate Committee Room 2S1
Parliament House, Canberra

Witnesses

Aboriginal and Torres Strait Islander Social Justice Commissioner
Mr Mick Gooda

Universities Australia

Ms Anne-Marie Lansdown, Deputy Chief Executive
Professor Mark Rose, Office of Indigenous Strategy and Education, La Trobe University
Professor Peter Buckskin, Chair, National Aboriginal and Torres Strait Islander Higher Education Consortium
Mr Mark Warburton, Principal Analyst, Universities Australia

National Aboriginal Community Controlled Health Organisation (NACCHO)

Ms Lisa Briggs, Chief Executive Officer
Ms Summer Finaly, Policy and Research Officer

National Aboriginal and Torres Strait Islander Legal Services (NATSILS)

Ms Priscilla Collins, Deputy Chairperson

National Congress of Australia's First Peoples

Mr Geoffrey Scott, Chief Executive Officer
Mr Robert Malezer, Co-Chair
Ms Kirstie Parker, Co-Chair
Mr Rod Little, Director

Department of the Prime Minister and Cabinet

Ms Liza Carroll, Associate Secretary, Indigenous Affairs
Mr Richard Eccles, Deputy Secretary, Indigenous Affairs
Ms Caroline Edwards, First Assistant Secretary
Ms Elizabeth Hefren-Webb, First Assistant Secretary Schools, Information and Evaluation Division
Ms Nadine Williams, First Assistant Secretary, RJCP Implementation Taskforce
Ms Susan Black, First Assistant Secretary, Programme Implementation Taskforce
Ms Ngaire Hosking, First Assistant Secretary Indigenous Employment and Recognition Division

Mrs Marie Taylor, First Assistant Secretary (Housing, Land and Community Capability division)
Mr Geoffrey Richardson, Assistant Secretary Culture & Capability
Ms Marian Moss, Assistant Secretary, Legal Services Branch
Mr Stuart Turnbull, Assistant Secretary, Programme Implementation Taskforce
Mr Brendan Gibson, Assistant Secretary
Mr Gavin Matthews, Assistant Secretary
Ms Julie Steel, Acting Assistant Secretary, Programme Office
Mrs Maxine Ewens, Acting Assistant Secretary, Grants Systems Office
Ms Linda Nitschke, Acting Chief Financial Officer

Tuesday, 16 February 2016
The Litchfield Room
Parliament House, Darwin

Witnesses

Aboriginal Peak Organisations of the Northern Territory (APO NT)

Mr John Paterson, Chief Executive Officer, Aboriginal Medical Services Alliance Northern Territory
Ms Priscilla Collins, Chief Executive Officer, North Australian Aboriginal Justice Agency

North Australian Aboriginal Justice Agency (NAAJA)

Ms Priscilla Collins, Chief Executive Officer
Mr Jonathon Hunyor, Principal Legal Officer

NT Legal Aid Commission

Ms Suzan Cox QC, Director
Ms Seranie Gamble, Outreach Project Manager

Top End Women's Legal Service

Ms Melanie Warbrooke, Senior Solicitor
Ms Caitlin Weatherby-Fell, Solicitor

Katherine Women's Information and Legal Services

Mr Matt Fawkner, Principal Legal Officer

Combined Aboriginal Organisations of Central Australia

Mr Graham Dowling, Interim CAO Chairman
Mr Owen Cole, CAO member

The Local Government Association of the Northern Territory (LGANT)

Mr David Jan, Manager of Policy Development and Corporate Services

Association of Northern Kimberley Arnhem Aboriginal Artists (ANKAAA)

Ms Christina Davidson, CEO

Ms Lily Roy, Director

Tuesday, 1 March 2016

Senate Committee Room 2S1

Parliament House, Canberra

Witnesses**Department of the Prime Minister and Cabinet (Submission 48)**

Mr Andrew Tongue, Associate Secretary

Ms Elizabeth Hefren-Webb, First Assistant Secretary, Schools, Information and Evaluation

Mr Luke Mansfield, A/G First Assistant Secretary , PMC Regional Network

Ms Susan Black, First Assistant Secretary, Programme integrity and Engagement Division

Ms Bronwyn Field, Assistant Secretary, Intergovernmental and Whole of Government Policy

Ms Brenda Campe, Assistant Secretary, Grant Systems Branch

Ms Fiona Andrew, Assistant Secretary, Programme Officer

Mr Stuart Turnbull, Assistant Secretary, Risk and Compliance Branch

Mr Brant Smith, Assistant Secretary, Indigenous Employment Policy Branch

Mr Gavin Matthews, Assistant Secretary, Community Safety Branch