



STANDING COMMITTEE ON FINANCE AND PUBLIC ADMINISTRATION
Legislation Committee

6 March 2014

Mr Michael Dillon
Chief Executive Officer
Indigenous Land Corporation
PO Box 586
CURTIN ACT 2605

Dear Mr Dillon

I refer to your appearance and evidence on 28 February 2014 before the Senate Finance and Public Administration Legislation Committee (committee) at its hearing for Additional Budget Estimates (2013-14) on cross-portfolio Indigenous matters. I attach a copy of the proof Hansard from the hearing.

The committee has decided to follow up the following exchange on pp 32-33:

Senator McKENZIE: My final question goes to an earlier question I asked Ms Carroll. Seeing that you are at the table, you might be able to clarify whether or not you are a friend, former colleague and co-author of a book—

Senator McLUCAS: Chair, that is out of order.

Senator McKENZIE: with the chairman of the MJD Foundation, Mr Westbury

...

Mr Dillon: I have not taken it on notice. It is not appropriate for me to in my role as ILC CEO. If the committee gives me permission to—

Senator McKENZIE: Did you co-author a book?

Mr Dillon: answer in my personal capacity—

CHAIR: Mr Dillon, would you like to answer Senator McKenzie's question—yes or no?

Mr Dillon: Only if I can speak in my personal capacity.

The committee notes you did not refuse to answer the question and wishes to provide you with the opportunity to respond and provide any necessary additional information relevant to this matter. I note any response that you provide will be covered by parliamentary privilege.

As you know all evidence to estimates hearings must be made public. The committee has decided to write to you under Standing Order 25(2)(a) where the committee may inquire into and report upon the performance of departments and agencies allocated to them. This will provide the committee with more flexibility in how it treats this correspondence.

Your response by COB Friday 14 March 2014 would be appreciated along with an indication of whether you would have any objections to your response being made public.

Please contact me on (02) 6277 3530 if you wish to discuss this matter.

Yours sincerely

Lyn Beverley
Committee Secretary



COMMONWEALTH OF AUSTRALIA

Proof Committee Hansard

SENATE

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION COMMITTEE

Estimates

(Public)

FRIDAY, 28 FEBRUARY 2014

CANBERRA

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SENATE

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION COMMITTEE

Friday, 28 February 2014

Members in attendance: Senators Lundy, McKenzie, McLucas, Moore, Peris, Seselja, Siewert, Smith.

CROSS-PORTFOLIO INDIGENOUS MATTERS

In Attendance

Senator Scullion, Minister for Indigenous Affairs

Department of Health

Outcome 8

Mr Mark Booth, Acting Deputy Secretary
Ms Samantha Palmer, First Assistant Secretary, Indigenous and Rural Health Division
Dr Anthony Hobbs, Principal Medical Adviser
Ms Alison Killen, Assistant Secretary, Indigenous Health Programmes Branch
Dr Masha Somi, Assistant Secretary, System Effectiveness Branch
Ms Meredith Taylor, Assistant Secretary, Rural, Remote and Indigenous Access Branch
Ms Janet Anderson, First Assistant Secretary, Acute Care Division
Mr Adam Davey, First Assistant Secretary, People, Capability and Communication Division
Mr Keith Tracey-Patte, Assistant Secretary, Regional Service Grants, Grants Services Division
Dr Richard Bartlett, First Assistant Secretary, Medical Benefits Division

Department of the Prime Minister and Cabinet

Outcome 1

Overview

Ms Rebecca Cross, Head of Domestic Policy
Ms Elizabeth Kelly, Deputy Secretary, Governance
Ms Liza Carroll, Associate Secretary, Indigenous Affairs
Mr Richard Eccles, Deputy Secretary, Indigenous Affairs

Program 1.1: Prime Minister and Cabinet

Indigenous Affairs Group

Ms Ngaire Hosking, First Assistant Secretary, Schools, Youth and Evidence Division
Mr Brian Stacey, First Assistant Secretary, Land, Housing and Recognition Division
Ms Nadine Williams, First Assistant Secretary, Employment and Economic Development Division
Ms Caroline Edwards, First Assistant Secretary, Strategy Policy, Health and Communities Division
Ms Marsha Milliken, First Assistant Secretary, Delivery and Network Division
Mr Simon Crowther, Acting First Assistant Secretary, Programme and Support Division
Ms Kate Gumley, First Assistant Secretary, Employment Review Taskforce
Ms Kerrie Tim, Special Advisor, Indigenous Engagement Branch
Mr Mark Laduzko, Assistant Secretary, School Attendance and Community Engagement Branch
Mr Stephen Goodwin, Assistant Secretary, Education and Youth Branch
Mr Mike Fordham, Assistant Secretary, Remote Attendance Strategies Branch
Mr Matthew James, Assistant Secretary, Evidence and Evaluation Branch
Mr Pat Sowry, Assistant Secretary, Remote Infrastructure Branch
Ms Mandy Doherty, Assistant Secretary, Recognition and Reconciliation Branch
Mr Andrew Davitt, Assistant Secretary, Land Branch
Ms Belinda Campbell, Assistant Secretary, Remote Housing Branch
Ms Lee Emerson, Assistant Secretary, Coordination and Commonwealth/State Branch
Mr Neil Harwood, Assistant Secretary, Community Safety Branch
Mr John Shevlin, Assistant Secretary, Health Programmes Branch
Mr Robert Ryan, Assistant Secretary, Local Solutions Branch
Mr Gavin Matthews, Assistant Secretary, Remote Network Design Branch

Mr Paul Salmond, Assistant Secretary, Environment Programmes Branch
Ms Michelle Kinnane, Assistant Secretary, Indigenous Portfolio Bodies Branch
Mr Kamlesh Sharma, Assistant Secretary, Funding Management Branch
Ms Marian Moss, Assistant Secretary, Indigenous Affairs Branch
Mr Geoff Richardson, Assistant Secretary, Indigenous Workforce Strategies Branch
Ms Kari Ahmer, Assistant Secretary, Programme Office and Deregulation Branch
Ms Tania Rishniw, Assistant Secretary, Employment Review Taskforce
Mr James McDonald, Assistant Secretary, Welfare Reform and Employment Policy Branch
Ms Brenda Love, Assistant Secretary, Economic Development and Strategic Partnerships Branch
Mr James Atkins, Acting Assistant Secretary, Indigenous Employment Programmes Branch
Mr Ryan Bulman, Acting Assistant Secretary, RJCP Delivery Branch
Ms Maria Jolly, Assistant Secretary, Programmes Review Branch
Ms Jennifer Goolagong, Acting Assistant Secretary, Network Operations Branch

Governance Group

Ms Michelle Crosby, First Assistant Secretary, Corporate Services Division
Ms Myra Croke, Acting First Assistant Secretary, Ministerial Support Division
Mr Ben Neal, Assistant Secretary, People, Capability and Performance Branch
Ms Amanda McIntyre, Assistant Secretary, Chief Financial Officer Branch
Ms Sarah Cruickshank, Assistant Secretary, Strategic Communications Branch

Agencies—Committee to advise attendance**Indigenous Business Australia**

Mr Chris Fry, Chief Executive Officer
Mr Leo Bator, Chief Operating Officer
Mr Satish Kumar, Chief Financial Officer
Mr Rajiv Viswanathan, General Manager, Investments
Ms Kirsty Gowans, General Counsel

Indigenous Land Corporation

Mr Michael Dillon, Chief Executive Officer
Ms Janet Elizabeth Fiedler, Manager, Corporate Governance

Committee met at 9:04

CHAIR (Senator Smith): I declare open this meeting of the Senate Finance and Public Administration Legislation committee. Today the committee will continue examination of the additional estimates, with cross portfolio hearing on Indigenous matters. The committee will examine outcome 2 of the Department of the Prime Minister and Cabinet and the Department of Health in relation to Indigenous health issues as listed on the program, Indigenous Business Australia and the Indigenous Land Corporation. The program has been grouped into the themes and issues that relate to the Prime Minister and Cabinet portfolio and the Health portfolio. The committee has fixed Friday 11 April 2014 as the date by which answers to questions on notice are to be returned. Under standing order 26 the committee must take all evidence in public session. This includes answers to questions on notice.

I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised, which I now incorporate into the *Hansard*.

The extract read as follows—

Public interest immunity claims

That the Senate—

(a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;

(b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;

(c) orders that the following operate as an order of continuing effect:

(1) If:

(a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and

(b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

(2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.

(3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.

(4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.

(5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.

(6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.

(7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).

(8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

(d) requires the Procedure Committee to review the operation of this order and report to the Senate by 20 August 2009.

(13 May 2009 J.1941)

(Extract, Senate Standing Orders, pp 124-125)

CHAIR: I welcome the Minister for Indigenous Affairs, Senator the Hon. Nigel Scullion, and officers of the Department of the Prime Minister and Cabinet. We will begin the first session on Closing the Gap and Stronger Futures. Minister, would you like to make an opening statement?

Senator Scullion: I have a short opening statement. The transfer of 1,722 Indigenous staff over 35 programs from eight agencies to the Department of the Prime Minister and Cabinet has now been completed. We now have the capacity, the priority and the commitment across government to start really making a difference. Since the Closing the Gap strategy was introduced we have allocated billions of dollars across governments on Australian government Indigenous expenditure alone. In terms of the last Closing the Gap report, we should all acknowledge it paints a pretty grim picture. Life expectancy has increased slightly, but it is not on target because the life expectancy of the mainstream is increasing at a faster rate. Only two out of the eight targets in reading, writing and numeracy have had significant improvements. The employment rate has, in fact, deteriorated. School attendance rates have not improved—in some cases we are going backwards—and in remote areas the situation is far worse. The reason we think it is far worse is that the aggregated figures are global figures, and the acceleration that we are getting in some areas in the cities masks how badly we are doing in some of the remote areas.

We need to find a new way, where Aboriginal and Islander people find their own solutions to problems, with parliament's support. The priorities of this government are simple—they are simple to say, but I do not think they are as easy to achieve—getting kids to school, getting people into full-time jobs and providing safe communities. It is clear that simply spending money is not the answer. I think we all acknowledge that. We need a strategy that produces a different set of results. I accept that the committee will quite properly examine who got money and who did not get money. That is the convention of an estimates committee, in particular. But it would be fantastic if we changed the convention of saying, 'How is it going in Aboriginal and Islander affairs,' and we say, '35 million, that's how it's going,' or, '50 million, that's how it's going,' or '12,000, that's how it's going,' and we

actually start to say, 'Let's focus on the results, let's focus on the outcomes.' Whilst the convention of this committee, quite properly, is to examine the finance, it would be terrific if the committee, as a parliamentary committee, ensured that the focus is on outcomes and not so much on the dollars. That is all I have for opening remarks.

CHAIR: Ms Carroll, do you have an opening statement?

Ms Carroll: No, we do not have an opening statement.

Senator McLUCAS: Thank you for that opening statement, Minister. It does bring me to the justice target. I understand you, as shadow minister, committed an incoming Abbott government to providing bipartisan support for the target. Does the coalition government stand by its commitment to bipartisan support for the new justice target that was promised by you before the election?

Senator Scullion: At the risk of being verballed, can you provide me the exact statement where we made a commitment to a particular justice target?

Senator McLUCAS: You said in a media release on 9 August 2013:

The Coalition will provide bipartisan support for Labor's proposed new Closing the Gap targets on incarceration rates, higher education and disability services but I am worried if we get too many targets they will lose their impact and then we could lose focus.

Senator Scullion: You are referring to the Labor Party's target at the time—is that correct?

Senator McLUCAS: I am referring to words that went under your name.

Senator Scullion: I will just clarify that. The words that you have just read out mean that I was providing bipartisan support to a particular target that Labor had suggested they were coming up with. There has been quite wide debate, and I think there is broad support from both sides of parliament for ensuring that we have a suite of targets that lower incarceration rates. The issue was whether or not we actually had a firm target. We had a suite of options. We all agree that fewer people should be incarcerated, but we need to understand that, in around 80 per cent of Aboriginal incarcerations, particularly those involving violence and assault, other Aboriginal people are also involved. So the notion was that the number of offences needed to drop but also that the number of victims needed to drop, because that is the whole idea. It was a general comment, and I stand by that comment—that we should have bipartisan support on those matters. But there has not been a target since then that would meet those particular measures. I certainly stand by our position that we would broadly support lowering the number of victims, in particular, of crime in those areas. We would see it as having a bipartisan approach to any of the targets. If you have a particular suggestion of a particular target, of course the government would like to hear it.

Ms Carroll: To add to what the minister said, obviously the setting of targets generally is a matter for COAG. As the minister indicated, there has been continuous consideration of these options. On the issue of taking something like this to COAG, that will happen over a period of time.

Senator McLUCAS: Which does fit with what you provided to the committee at the last Senate estimates. You said:

We are still in the process of providing advice and talking to the new government about those issues.

But I still have a concern. Minister, I did not quite follow everything you said there. My question is: does the government stand by its commitment to bipartisan support for the new justice target that you committed to prior to the election?

Senator Scullion: We do stand by moving towards a justice target in some form. But the notion that has been discussed has always been around incarceration and lowering, necessarily, incarceration rates. I would just put to you that this process through COAG needs to focus on minimising the victims, not so much on the incarceration, but—

Senator McLUCAS: That is fine. The words of the target can be negotiated; the COAG process would allow that to happen.

Senator Scullion: Well, as we have already indicated, this is a matter before COAG and subject to the ongoing discussion of COAG.

Senator McLUCAS: I think you are saying that, yes, you are committed to a justice target?

Senator Scullion: Consistent with the evidence provided at the last Senate estimates, this is a matter for COAG. Yes, we are still committed to ensuring that through COAG the matters around justice, incarceration and the high levels of Aboriginal and Islander victims need to be dealt with. That should be a process through COAG.

Senator McLUCAS: Given that and given that we are now six months into the first term of this government, what specific steps have you requested that the department take and what steps have you taken to progress the negotiations around developing a justice target?

Ms Carroll: I can answer from the department's point of view. As we gave evidence last time, we are continuing to work on the issue of justice. On the general issue of a justice target, the Prime Minister has committed to having Indigenous issues on the agenda of each COAG meeting. As we go forward those agendas will firm up. School attendance was discussed at the first COAG meeting. As the issues are brought forward for each of the COAG meetings, the issues of incarceration rates, justice et cetera, including consideration of a justice target, would come forward over time.

Senator McLUCAS: Without going to the policy advice question, has the minister or the Prime Minister asked the department to progress work on developing a justice target?

Ms Carroll: The department has been doing a lot of work around Indigenous incarceration rates. In fact, the Prime Minister's advisory committee had some discussions about Indigenous incarceration rates at their last meeting. It is ongoing advice that we provide to government around a range of issues including these.

Senator McLUCAS: Of course you would be doing that. A lot of that is data collection, I imagine, but the next step after data collection is prioritising the development of a target. Is that work being undertaken?

Senator Scullion: The vast majority of the matters, everybody would concede, fall under the criminal code of the various state and territory jurisdictions. This is why the matter is through COAG.

Senator McLUCAS: That is right. That is why we established it that way.

Senator Scullion: Indeed. If we could move independently in any way on that we would be, but this is clearly a COAG agenda. As we have indicated, we would like to see this as part of the COAG agenda and that those negotiations will ensure that it has a level of priority on the COAG agenda. Beyond that, we will certainly report back on those elements of the COAG discussions at the next set of estimates. Or, if you would like to place a question on notice, I can give you an update on exactly where we are going in terms of the COAG agenda.

Senator McLUCAS: Thank you. Who within the government has the responsibility for considering a new justice target? Is it you, Minister Scullion?

Senator Scullion: In terms of any new target, this is specifically a target in consideration of closing the gap, so it will be under my responsibility. Of course, I will work closely with the Attorney and I will be working closely with the Prime Minister and the Prime Minister's office on those matters.

Senator McLUCAS: Who do you take advice from—other than the department, of course? How will you develop that? Will you have consultations? How will that happen?

Senator Scullion: Clearly, without the support of the states and territories this is going to go nowhere. Because it is a COAG decision, the fundamental consultations will happen with the various jurisdictions. They obviously have their various departments, whether they are attorneys or others, who have the roles and responsibilities parallel to my position. One would imagine that the consultation should happen through those bodies. Sadly, there is not necessarily consistency across the various jurisdictions on a whole range of those matters, which is why we use COAG to try to have a concise position. As I said, we are pursuing these matters through COAG and the normal process of consultation would be with those jurisdictions.

Senator McLUCAS: So states and territories only?

Senator Scullion: Yes, indeed. They are fundamental to COAG.

Senator McLUCAS: Do you think it might be useful to talk with Aboriginal and Torres Strait Islander people?

Senator Scullion: With respect, I thought that was actually a given in this place.

Senator McLUCAS: I would have answered that question by saying I was going to talk to Aboriginal and Torres Strait Islander people first. That might be the first stop.

Senator Scullion: We have been in discussions, in constant discussions. I have certainly been doing very little else for the last three years and I have a clear understanding from a whole broad range of individuals, from communities, from families and from representative organisations. They have all, particularly those who are in the area of legal advocacy and justice, been actively and very carefully considering a lot of those matters—

Senator McLUCAS: So you know that already.

Senator SCULLION: not only within the legal area but also within the health areas to try to deal with the very difficult issue of lowering incarceration while keeping a really close eye on it so that that does not have the

impact of returning perpetrators to a place where victims can come under further threat. It is a very difficult area, as you would appreciate.

Senator McLUCAS: I am not going to the policy; I am going to the process.

Senator Scullion: We have been consulting widely, and will continue to, with Aboriginal and Islander Australians. As I said, that is a given with this government.

Senator McLUCAS: As Minister for Indigenous Affairs, have you undertaken analysis of the potential impacts on Indigenous incarceration rates as result of the Commonwealth decision to cut funding to Indigenous legal service providers? Could you could give to the committee an understanding of what you have done following that decision.

Senator Scullion: The decision to cut funding to legal services has been analysed and an adjustment was made to ensure that the funds that were removed from front-line legal services were only in the area of advocacy and law reform. As I understand it, originally there was an announcement of around \$42 million across Aboriginal legal services. That is now down to \$3 million a year and I am satisfied, as is the Attorney-General, that these areas have been embargoed to impact only on advocacy and law reform. Front-line legal services will not be impacted on. Its impact on incarceration rates will be neutral. I understand that many of these questions, whilst I am more than happy to provide the answers, were provided to the estimates process through Attorney-General's.

Senator McLUCAS: What discussions did you have with the Attorney-General prior to that decision being announced?

Senator Scullion: We had some broad-ranging discussions. There was a broad agreement that the government would say there would be no impact on front-line legal services.

Senator McLUCAS: How can you say that? How do you know that?

Senator Scullion: Because the only areas that were to be affected were quantified. The only areas that were affected and intended to be affected were advocacy and law reform. We have had no feedback whatsoever that that reduction in funding to law reform and to advocacy has had an impact on front-line legal services.

Senator McLUCAS: You have had no—

Senator Scullion: None.

Senator McLUCAS: When do the cuts come into place?

Ms Edwards: You would be aware that the overarching reduction in funding is primarily a matter for the Attorney-General's Department.

Senator McLUCAS: Yes, I am.

Ms Edwards: Only a small number of legal services are within the Prime Minister's department. The funding was announced in the MYEFO savings measures in December and it will be 4.21 per cent over three years. We are working with those services now in relation to their renewed funding agreements for next year on how those reductions can be accommodated within the ordinary planning of those services. We are working closely with all of the services to ensure there will not be impacts on front-line services delivery.

Senator McLUCAS: So what is the answer to the question of when the cut will come in? Is it 1 July this year or now?

Ms Edwards: It is 1 July.

Senator McLUCAS: So, Minister, you would not have received advice about reduction in services because the cut has not yet occurred.

Senator Scullion: I have had a number of meetings with those people who are potentially affected. They not only have my assurances; they know that they are currently working with the department around those exact parameters—that front-line services will not be affected. They are assisting in ensuring that is not the case in terms of their future funding.

Senator McLUCAS: What was the purpose of law reform and policy officers? What did they do? What do they do?

Ms Edwards: As I mentioned, Prime Minister and Cabinet is only responsible for a small element of the legal services, so I would have to refer questions about anything to do with the general Aboriginal legal service to the Attorney-General's Department. We are responsible for only the family violence prevention legal services, which are under a different framework.

Senator SIEWERT: Minister, I was asking the Human Rights Commission about the impact of these cuts. It was very clear from Aboriginal and Torres Strait Islander Social Justice Commissioner Mick Gooda's response that it will definitely impact on lowering incarceration rates. He gave a very good example from Queensland. The Human Rights Commissioner was very clear that this will have an impact, that advocacy and policy is essential in addressing the appalling incarceration rates. Did you seek the Human Rights Commission's advice? Here we have somebody who is an expert in these areas, and he is saying: 'Yes, it will have an impact.'

Senator Scullion: I am aware of the justice commissioner's views on these matters, and all of those matters are taken into consideration to ensure there is no negative impact on incarceration. As I have indicated to Senator McLucas, as we are going through this process that has been outlined by Ms Edwards, that is the process of ensuring that does not happen. Through your questions, the commissioner has drawn a view that, because you cannot have an advocacy service, that is somehow going to lead to further incarceration. He is welcome to that view. We believe that if you have no impact on front-line services, so people are provided with the very best legal advice, we will not have an impact on incarceration.

Mr Gooda's views and mine may separate at some stage, but I have a very good working relationship with the commissioner. I spoke to him on a number of other matters literally a couple of days ago. In the context of the answers to your questions, I think there is broad scope to ensure that there is no impact on front-line services. That is our intention. Whilst he can draw comparisons with the numbers of advocates and the law reform around the place, we have to make cuts across the board. Tragically, we have been left with a pretty broken economy—

Senator SIEWERT: Oh, please don't start on that.

Senator Scullion: Excuse me, Senator, if you can just allow me to finish. So we have to make cuts across the board. We have said that the bench line should be that this will not have an impact on front-line services. It will not have an impact on front-line services or incarceration rates. As Ms Edwards has indicated, we are going to ensure that that is the process, as we ensure that the finance for those legal organisations takes place.

Senator SIEWERT: Senator Scullion, you have just said it will not have an impact on incarceration rates. The idea is that we are trying to bring down incarceration rates. That is the point.

Senator Scullion: That is exactly what I said; do not verbal me, Senator.

Senator SIEWERT: No, you can go back and check the *Hansard* record. You just said it will not have an impact on incarceration rates. And that is the very point—we are trying to bring them down.

Senator Scullion: I was saying it in the context that it would not have a negative impact on incarceration rates, which is what you were suggesting. It will not have a negative impact on incarceration rates because it will not have an impact on front-line services.

Senator SIEWERT: We are trying to bring incarceration rates down. That is the point. And that is the point that Mr Gooda was making with the Queensland example.

Senator Scullion: Without being argumentative, you were suggesting that, by our activities, the cuts we were making to the legal aid services were going to effect an upward pressure on incarceration rates. I was making the point that we had gone to a great deal of care to ensure that that was not the case. Of course I do understand that it is in all of our interests to lower incarceration rates and to lower the number of victims, particularly Aboriginal and Islander victims, in this area.

Senator PERIS: Minister, last year you told the committee that 23 alcohol plans were going ahead in the Northern Territory. Can you provide an update on this? Have any of these been approved?

Senator Scullion: None of the alcohol management plans have come before me for approval, and my inquiries indicate that the reason for that is that they are not compliant; they do not meet the specifications that come before me. My department is working actively with a range of these communities to ensure that these plans can be compliant before they come towards me.

With regard to one of these management plans, I visited a community about a week or 10 days ago to talk to them about why this particular plan might not have been compliant, and they wanted to provide me with a range of other evidence and information around this. I am sure your next question will ask me when I expect to see those plans. As soon as the first ones are compliant, I am ready to have a look at those.

Ms Carroll: Perhaps I could add to that. The department has recently received—since the last estimates—I think two alcohol management plans, which we are currently considering.

Senator McLUCAS: Who did you receive them from?

Ms Edwards: The process of developing the plans is an assisted process. The 23 communities referred to have been working with officials from the Northern Territory government, closely with officers of Prime Minister and

Cabinet, to develop the plans. So there is ongoing consultation and then there is a process to assess them against the minimum standards, which came into effect in February last year. Just recently a couple of those plans have got to the position of being assessed by more senior management to check whether they comply with the minimum standards, after which time they will be provided to the minister. So the two that have come to us recently are ready for that more high-level assessment.

Senator PERIS: So you can clarify that you do have the 23 plans but they do not adhere to what—

Ms Edwards: There are 23 locations in which the Northern Territory officials are assisting people to develop the plans. A number of those communities have the view that they had endorsed the plans previously but most of those endorsed plans—11 of 14—were done prior to the commencement of the minimum standards, so this was before the Stronger Futures legislation came into effect and the minimum standards came in in February last year. After the minimum standards came in, all of the ones that had been previously endorsed from the view of the community had to come back into discussion to then assess them against the minimum standards.

Senator Scullion: It was either Senator Peris or Senator McLucas—I cannot recall—who asked if we could provide on notice the names of the communities. We have asked the communities and across the board they have said that they wish their application to remain anonymous.

Senator PERIS: Okay. Have you had any discussions or representations from the liquor industry in relation to the development and implementation of these alcohol management plans?

Senator Scullion: No, I have not.

Ms Edwards: I am not aware of any.

Senator PERIS: Have you at any stage discussed the AMPs with Minister Nash or her staff?

Senator Scullion: No.

Senator PERIS: As you would be well aware, Minister, alcohol related violence is increasing in the Northern Territory. Can you outline the actions the government has taken to fast-track any of these alcohol management plans?

Senator Scullion: The alcohol management plans as a consequence of legislation introduced by the previous government—not that I disagree with that at all—as you have been made aware this morning are not compliant, so that has been some period of time. As I have indicated, there was one community I visited at their request to discuss some elements around alcohol management in their area. I am aware that they have a plan, but I have not had any further discussions outside of that.

Ms Edwards: The alcohol management planning aspects of the Stronger Futures legislation are only one element of the measures under the Stronger Futures package that is more broadly designed to combat alcohol related harm, ranging from the restrictions in place, other funding and a lot of the funding through our community safety measures, including the night patrols. I want to ensure that you are aware that there is a suite of measures that go to community safety, including alcohol related harm, in addition to the alcohol management planning scheme.

Senator PERIS: Will funding be committed to implement these plans and, if so, how much?

Senator Scullion: I think we would be getting ahead of ourselves if we do not know that the plans are approved at this stage, but if and when they are approved we will certainly make that available.

Senator PERIS: Thank you.

Senator McLUCAS: Just for the record, the evidence we have received today is quite different to what we received at last estimates. There may be very good reasons for that, but we will pursue that with questions on notice. Essentially, at last estimates, Minister, you indicated that they were quite imminent. Obviously something has happened in between, and we will pursue that on notice.

Ms Edwards: The process of negotiating alcohol management plans with the communities can be a very lengthy one. It is one driven by the timetable of the community.

Senator McLUCAS: We will pursue it on notice, Ms Edwards. We are very short of time. Thank you.

Senator SIEWERT: I would like to ask about the various national partnership agreements that are coming up for renewal. Could you give us a breakdown of where the negotiations are for each of them, please.

Ms Carroll: I am just looking at my list of the national partnership agreements. In terms of the details of them, officers would be expecting to come up and discuss them under the particular areas.

Senator SIEWERT: Are you not responsible for overseeing—

Ms Carroll: We can talk about them generally, but the specifics of each one—

Senator SIEWERT: Yes.

Ms Carroll: The national partnership agreement on the remote service delivery finishes at the end of this financial year. The government is in the process of considering the future direction for remote service delivery.

Senator SIEWERT: That should be covered here in this area, shouldn't it? We will just go through them each, first. Are they in the process of negotiating now?

Ms Carroll: The government is considering the remote service delivery at the moment.

Senator SIEWERT: Okay.

Ms Carroll: The other one was the national partnership on Indigenous early childhood development. That, too, finishes in June this year. Again, that is under consideration by government.

Senator SIEWERT: Are these all being discussed at COAG?

Ms Carroll: Agreement about what happens with that partnership agreement is a decision for COAG because it is a national partnership.

Senator SIEWERT: Does that mean there has not been a decision made yet on whether either of those are going to continue?

Ms Carroll: That is right. I think the other one that finishes this financial year is the national partnership on the Indigenous clearing house, which is a very small national partnership. Again, that is for consideration at the moment.

Senator SIEWERT: Have any of these been discussed with Aboriginal communities and stakeholders—the future of them and whether it is a good idea to continue them or whether people want them to continue?

Ms Carroll: There has not been a formal set of consultations but we regularly get feedback about the different national partnership agreements through the state and territory governments. As you know, this funding goes to the state and territory governments and is then implemented by them, in a lot of cases—not all cases. Certainly, we are talking to state and territory governments but also getting feedback from individuals.

Senator SIEWERT: How are you getting feedback from individuals?

Ms Carroll: Certainly our staff—the staff of Department of Prime Minister and Cabinet—on the ground would be hearing from service providers et cetera. As part of ongoing policy information and feedback, we get that on a regular basis.

Senator SIEWERT: Is it fair to say there has not been a formal process of consultation?

Ms Carroll: That is correct.

Senator SIEWERT: What sort of process of evaluation has been undertaken? For the remote services delivery up until now we have had very regular reports. That is in a different category. But with the others, what form of ongoing monitoring and evaluation have you done in terms of how successful the community thinks it has been?

Mr James: There is an evaluation that is nearing completion for the Remote Service Delivery National Partnership.

Senator SIEWERT: There have been regular reports around that?

Mr James: Yes, and of course there are the coordinator general's reports as well.

Senator SIEWERT: That is what I mean.

Mr James: The last element of that evaluation involved a survey of Indigenous community members in 10 communities, partly conducted by Indigenous community members themselves. So there was direct consultation with—

Senator SIEWERT: That is for remote services?

Mr James: Yes, remote service delivery. With regard to the clearing house, we had a small evaluation undertaken that mainly talked to policymakers and the like, but it also involved Aboriginal peak organisations. The clearing house is largely for policymakers and senior officials. So, yes, we had a clearing house evaluation completed, working closely with the states and territories.

Senator SIEWERT: What about early childhood development?

Ms Carroll: The evaluation is currently in train.

Senator SIEWERT: Does that include talking to communities and service deliveries?

Ms Carroll: I do not have the detail of what that involves, but we could provide that.

Senator SIEWERT: Could you perhaps take that on notice?

Ms Carroll: Yes.

Senator SIEWERT: I am conscious of time; I will put my other questions on notice.

Senator PERIS: Could you advise what the balance was of the Aboriginal Benefits Account, as of 30 June, for the last three years?

Mr Stacey: When you say 'balance,' if you are meaning how much is in the account, currently it is about \$450 million. It fluctuates. If you want the balance over the last three years, then I will have to take it on notice.

Senator PERIS: What is the estimated project balance at 30 June 2014 and 30 June 2015?

Mr Stacey: I think it would be better if I took that on notice because it is quite specific.

Senator PERIS: Minister, are you able to advise us of the current policy guidelines of the ABA? And, if so, have they been amended since the last election?

Senator Scullion: I am not aware of that. Mr Stacey may be able to provide some answers.

Mr Stacey: Yes, there are guidelines around grant funding out of the ABA and, no, they have not been amended since the election.

Senator PERIS: How many applications to the ABA have been processed and approved during the term of the previous government?

Mr Stacey: Again, it is a very specific question. I just do not have that information to hand.

Senator Scullion: That will have to be taken on notice.

Senator PERIS: Are you also able to advise if there have been grants that have been overturned in the past six months?

Ms Carroll: We might be able to answer some of the more recent questions, but obviously we will take the historic question on notice. In 2013-14, 47 ABA projects were announced by the previous government. Of these, 43 without funding agreements were put in place and reviewed by the minister and approved. Four projects that did not have funding agreements have not proceeded.

Senator PERIS: Can I have the names of those? Do you have them here? Are we allowed to have that information?

Ms Carroll: We would need to check with the applicants before we provided you with specific names. We can talk about numbers of projects and all of those sorts of things, but we would always confirm before we put an applicant's name on the public record.

Senator PERIS: It is probably well documented, but one of the ABA grants that was recently overturned was the MJDF, Machado Joseph Disease Foundation. Do you know the purpose of this grant?

Ms Carroll: Yes. We are aware of the MJD Foundation grant and the particular additional funds that were applied for by the MJD Foundation of \$10 million.

Senator PERIS: Minister Scullion recently stated that the funding was inconsistent with the ABA funding parameters. Can you table the legal advice to the effect that this funding was in breach of relevant legislation?

Ms Carroll: Just for a start, we would never table legal advice. I think it is going to the intent of the parameters of the whether ABA funds are spent and the focus of what is possible and preferred to spend the ABA funds on. So, clearly, the issue around the MJD Foundation is the notion of providing additional funds for the ongoing operation of the MJD Foundation when the funds should really be for the disease sufferers. We should be looking at how things like the National Disability Insurance Scheme over time will be able to pick up the needs of those disease sufferers.

Senator PERIS: It was the \$10 million that was overturned. My understanding was that the \$10 million was to be invested and only earnings spent, which was half a million. Is that your understanding, or no?

Ms Carroll: Yes.

Senator PERIS: I want to put on record that, without that money, the employment of two full-time MJD therapists will not be able to go ahead now. The jobs of two MJD Aboriginal community workers have been lost. It will affect physiotherapists who go to Ngukurr and Galiwinku, as well as a psychological counselling project which was to work on suicide prevention. Just recently two mild sufferers of MJD committed suicide. This is not just to do with Groote Eylandt sufferers; it affects people right across the Northern Territory.

Where to now? If this is not funded, what happens now? Have you spoken to anyone in the health portfolio. Are they going to pick up the slack for this and, if so, how soon?

Senator SCULLION: Perhaps I could answer that question. In terms of how the ABA fund is run, one fundamental is that we do not pay for recurrent costs. There was only one other precedent in the whole time of the ABA, when the minister made the same decision on the foundation. This is just an extension of the first time that happened.

As an absolute principle, I think it should be acknowledged that the Aboriginal Benefits Account is Aboriginals' money. This is money that has been taken from royalties. I do not think that any Australian would say that, if they were in Sydney suffering from MJD, they should put their hands in their own pocket and pay for treatment. Paying for it should be front and centre the responsibility of the Commonwealth government or the other jurisdictions through the health system; it should not come out of Aboriginals' own money. I have had a longstanding view on this—and other people on the committee would know it—and my position remains exactly the same. It is the reason that those funds should not continue to be provided from the Aboriginal Benefits Account. This is not only in principle; it is also the fact that the amount of money that has gone to MJD is half the money spent on the entire budget allocated for Homelands, the building of houses, yet that is being held in trust. There are, I think, a whole range of very good reasons why this one precedent should not be supported.

But I very much understand the concerns of the communities about it between now and when the Commonwealth does start paying for it and taking on the responsibility, which it will do, first of all, through the rollout of the NDIS—and I have been in discussions with Minister Fifield about accelerating the rollout, instead of just to Barkly, to other places, and no doubt in the future we will be able to report on how that is going. I have written to Senator Fifield about ensuring that MJD is actually registered as a disability so the whole range of services and therapies that should be available will be available—

Senator McLucas interjecting—

Senator Scullion: Sorry, Senator McLucas, you were intervening with—

Senator McLUCAS: Just some information about how the NDIS works, but that is all right.

Senator Scullion: But there is obviously going to be a period of time in between. But I can tell you today that we will be offering the MJD Foundation exactly the same amount, \$500,000 a year, between now and when the mainstream health services can demonstrate that we are looking after them to their benefit, because I know they are remote and I know that is challenging. So we have offered the MJD Foundation \$500,000 a year for over three years. Over that period of time, we want to ensure that this is looked after not by Aboriginals' own money but by the people who should be taking responsibility for it—in this case, the Commonwealth government. As I have said, those people afflicted by MJD will not be affected at all by this decision, and Aboriginal people will no longer be paying for something that all other Australians would expect the Commonwealth to pay for.

Senator PERIS: So you are saying the Commonwealth will provide half a million dollars every year for the next three years?

Senator Scullion: Indeed.

Senator PERIS: Between the pair of us, we know the problems all too well. You have been to Groot. You have been to East Arnhem Land and seen the impact on that entire community—what they have been through, obviously with Rio and now MJD. So I take that as good news for the community. Is it?

Senator Scullion: It is good news in the sense that we are not inappropriately using Aboriginal people's money for the fund. We are not using Aboriginal people's money to pay for something that everybody else would expect the Commonwealth to pay for. And we have given a safety net to insure my words that nobody should not be receiving those therapies as we move to the NDIS, which—and I assume that was the commentary from Senator McLucas—would meet more end-state access. But, as I said, we should move to making sure that the Commonwealth are providing all the levels of amenity that they require, and I am sure that this interim position will ensure that that is the case.

Senator PERIS: And this will happen almost immediately?

Senator Scullion: We are in negotiations at the moment. The department is having discussions with the foundation at the moment. But it will be provided, whether it is the foundation or someone else. It has to be provided. Those levels of amenity will be provided, as I have undertaken in the past.

Senator PERIS: That is all from me.

Senator SIEWERT: I have a question about Stronger Futures funding. It is about funding for NAAJA, the Northern Australian Aboriginal Justice Agency. Are they getting funding beyond June this year, at this stage?

Ms Edwards: NAAJA's funding would not be entirely or even predominantly from the Stronger Futures package. It is primarily funded, I would expect, from the Attorney-General's Department as part of their ordinary legal aid.

Senator SIEWERT: But I thought they were also getting funding under the Stronger Futures package.

Ms Edwards: Yes. I will pass over to my colleague to help you.

Mr Harwood: I believe NAAJA is also receiving supplementary funding for their legal assistance program—

Senator SIEWERT: That is what I thought, yes.

Mr Harwood: under Stronger Futures.

Senator SIEWERT: What is the state of that funding—how much do NAAJA have now, and till when do they have a funding guarantee?

Mr Harwood: The funding under Stronger Futures is guaranteed till the end of Stronger Futures, which I believe is 2022. But, as for exactly how much funding they get under that supplementary program, I might have to take that on notice.

Senator SIEWERT: If you could take that on notice. So, they have funding beyond June 2014?

Ms Carroll: Senator, I think the main issue will be the funding agreement cycles, and so what they might have is when their funding agreement finishes. Then it would be a renewed funding agreement.

Senator SIEWERT: So when does their funding agreement run till?

Ms Edwards: We would have to take that on notice.

Senator SIEWERT: Okay. Is it possible to get back to me today?

Ms Edwards: I will make efforts, Senator. We will report back, at least.

Senator SIEWERT: I am not trying to be rude—

Ms Edwards: No. It is a level of detail we had not expected today; we will provide a report on whether we can provide you that today.

Senator SIEWERT: That would be appreciated. Perhaps you could also tell me—if in fact that is the same situation for all of the community organisations that are funded under that process—if the funding agreement is the same for all of them.

Ms Edwards: So in relation to the supplementary assistance under Stronger Futures.

Senator SIEWERT: Yes.

Ms Edwards: We will get back to you today.

Senator SIEWERT: Thank you.

CHAIR: Minister and Ms Carroll, if you are in agreement and it is not too much of an imposition on officials, we are proposing to have some further questioning. I will go back to Senator McLucas, Senator Peris and Senator Siewert to see if they want to follow up and then have a five-minute morning tea break and then come back to do health.

Ms Carroll: The only thing I was going to check is whether there were any general corporate questions that you had today, because otherwise we will let those officials leave. So if we are then just flowing into health et cetera, we just wanted to check when you were going to cover those questions.

Senator McLUCAS: I can advise that we intentionally did not have any questions around corporate, simply so that we could get to the substance of the programs.

Senator SIEWERT: I am the same. I have some that I will put on notice.

Senator SESELJA: I have a question on the National Congress of Australia's First Peoples. I wanted to just get some details on it. It is all a bit new to me. I understand the congress is a company limited by guarantee; correct me if I am wrong. I understand it was established as a company with a series of capital injections by the Commonwealth to provide enough funding so that the congress could effectively live off investments; again, someone can correct me if I am wrong. I just wanted to go to some basics in terms of the funding and cost structure and things such as that, and I do not mind if it is the minister or officials who answer. I understand it received \$29 million from the previous government; is that correct?

Ms Carroll: Yes.

Mr Stacey: Yes, it is.

Senator SESELJA: Is it also correct there was around \$15 million in the forward estimates?

Ms Carroll: Yes.

Senator SESELJA: How much does the congress have in its reserves?

Mr Stacey: They had \$8.9 million at the end of December 2013.

Senator SESELJA: I just want to go to some of the cost structures. The sitting fees for board members, is that around \$80,000?

Mr Stacey: I might check on that and I will try to come back to you later in this estimates.

Senator SESELJA: And how many times a year does the board meet?

Mr Stacey: Again, I would like to quickly check and get back to you.

Senator SESELJA: In 2012-13 how much was spent on board remuneration?

Mr Stacey: I am not certain. Again, I would have to take it on notice.

Ms Carroll: Senator, because this is a company limited by guarantee, and these are the normal workings of that organisation, we do not regularly have all of that information to hand, but we can see what we can get for you during the course of today.

Senator SESELJA: So it does not get reported to the department?

Ms Carroll: Some of that information would get reported, so we will see what we can find for you during the course of the day.

Senator SESELJA: That would be great. How many staff were employed at the end of last year?

Ms Carroll: I understand congress employed 35 staff as at 30 June 2013.

Senator SESELJA: Do we have an update on that year to date?

Mr Stacey: No.

Ms Carroll: We do not have an update on that staff number. The staffing number would be something that is normally reported to us annually.

Senator SESELJA: How many of those staff are employed on SES salaries?

Ms Carroll: I am not sure if we know that, but we could certainly—

Mr Stacey: At least one—the chief executive, I believe. But, beyond that, again I would have to check.

Senator SESELJA: So you will get back to me on that?

Mr Stacey: Yes.

Senator SESELJA: How many individual members does this congress have?

Ms Carroll: There are 7,500 individual members and 172 member organisations.

Senator SESELJA: Do we know what the cost of membership is?

Mr Stacey: It is free.

Ms Doherty: Yes, the membership is free.

Senator SESELJA: How many members voted in the last elections of the congress?

Ms Doherty: We understand approximately 800.

Senator SESELJA: What was the cost of conducting those elections?

Ms Doherty: I do not think that is available to us, but I can check and get back to you.

Senator SESELJA: No problem.

Senator McKENZIE: I want to follow up on the issues around the Aboriginals Benefit Account. My understanding was that there was a \$6 million grant in 2010 to the account to cover operational costs for many years to come. Is that correct?

Ms Carroll: For the MJD Foundation?

Senator McKENZIE: Yes.

Ms Carroll: Yes.

Senator McKENZIE: How many years was that \$6 million grant supposed to cover?

Mr Stacey: In 2010 a grant of \$6 million for the Aboriginals Benefit Account was approved by the former minister to be invested in perpetuity.

Senator McKENZIE: You mean to cover operational costs for—

Mr Stacey: Yes. I think that was the case.

Senator McKENZIE: At the time it was granted, how much years was it imagined it would cover operational costs for?

Mr Stacey: My understanding was, and I will stand corrected, that it was meant to be in perpetuity—that is, pretty much forever ongoing.

Ms Carroll: The concept being that the interest on that that is drawn down is what is being used for the ongoing costs.

Senator McKENZIE: So it was planned that that amount of money would be enough, being used in the way it was envisaged, to cover the operational costs?

Ms Carroll: That was what the grant was for at that point in time.

Senator McKENZIE: Then last year in 2013 the former minister granted \$10 million; is that correct?

Ms Carroll: That was what she approved.

Senator McKENZIE: Was it for the same purpose—to cover operational costs for many years to come?

Ms Carroll: I think in addition it was also to cover the costs of some therapy et cetera.

Senator McKENZIE: Is that a normal use of the Aboriginals Benefit Account grants?

Ms Carroll: I think that goes to the issues that the minister was raising earlier and whether the Aboriginals Benefit Account funding would be used for that purpose or whether there were other places that that funding, for the purposes of things like therapeutic needs, should come from.

Senator McKENZIE: Is it the case that these two grants for the foundation are the only ones like this, or have there been others?

Ms Carroll: The foundation has received other funding.

Mr Stacey: In fact, the MJD foundation received an initial grant of \$1.7 million. So this was the third grant. I am not sure if your question was really about whether or not there were other grants out of ABA for similar purposes. Was that the—

Senator McKENZIE: Yes, that is exactly what my question was, Mr Stacey.

Mr Stacey: I am not aware of any others.

Senator McKENZIE: Right, thank you. Ms Carroll, are you aware?

Ms Carroll: No.

Senator McKENZIE: The chairman of the foundation, Mr Westbury, is also a director of the Indigenous Land Corporation; is that correct?

Mr Stacey: Yes, I believe that is the case.

Senator McKENZIE: The CEO of the Indigenous Land Corporation, Mr Dillon, is a friend, former colleague and co-author of the book with the chairman of the foundation, is that correct?

Ms Carroll: I would not want to comment on that. We would need to check about author of a book et cetera.

Senator McKENZIE: If you could get back to me on that. Was Mr Dillon a senior adviser to the former minister who approved this unusual grant?

Ms Carroll: Mr Dillon did work in the then minister's office at some point.

Senator McKENZIE: As a senior adviser?

Ms Carroll: Yes.

Senator McKENZIE: At the time the grant was approved?

Ms Carroll: I don't know.

Senator McKENZIE: Could you check on that for me, please?

Ms Carroll: No—that is not the case.

Senator McKENZIE: According to the foundation's annual report, it has more than \$8 million in assets, including \$6 million in the bank, which we canvassed earlier. How much interest has the foundation earned from the previous \$6 million grant, and what did it spend the interest on?

Ms Carroll: We would need to take that detail on notice.

Senator McKENZIE: And could you also go to the proportion of that that was spent on salaries?

Ms Carroll: I will find out what is available to us, or on the public record.

Senator McKENZIE: How much did the foundation propose to spend on salaries from the \$10 million grant in 2013?

Ms Carroll: We do not have with us the details of what was in the application, so we can take it on notice. But we would not normally disclose those specific details without going back to the organisation to check, just as we have mentioned before around some of the other things. So we will endeavour to get what is possible.

Senator McKENZIE: I do not know whether you want to comment, Minister, but given the unusual manner in which this financial arrangement has been set up, would you have anything additional to add about alternative ways we could assist the foundation to conduct the important work that it does?

Senator MOORE: I thought the minister explained that in the answer to Senator Peris.

Senator McKENZIE: That is why I am asking if there is anything he wanted to add.

Senator Scullion: No, I think I have comprehensively provided that answer to Senator Peris.

CHAIR: Senator Seselja?

Senator SESELJA: Just quickly on township leasing, Minister, could you give the committee an update on what kind of progress we have seen on township leasing in the last six months? I know there was a press release from yourself, I think back in October; but can you give an update on where that is up to?

Mr Stacey: Statements of commitments were provided to the committee at its last hearing, which were agreed to between the minister and traditional owners in Gunbalanya and Yirrkala. Beyond that, through the minister we have now made formal offers whereby the Commonwealth broadly outlines what it would be prepared to provide in exchange for the traditional owners agreeing to a township lease, including rental payments. We are expecting negotiations to commence very shortly in Gunbalanya, and we have had some very productive discussions this week with traditional owners at Gapuwiyak, another community in east Arnhem which may also be interested in a township lease. That followed on from some productive discussions at Yirrkala.

Senator SESELJA: I am interested in how it has gone over the last couple of years as well. Obviously we have seen some progress in the last few months; when did the department, or the government, become aware of interest in township leasing at Gunbalanya?

Mr Stacey: I believe that there was interest expressed from some traditional owners at Gumbalanya over two years ago or more.

Senator SESELJA: Yet the formal negotiation processes only started to take place around October last year?

Mr Stacey: That is correct.

Senator SESELJA: What was the delay over those couple of years in taking it to a more formal negotiation process?

Mr Stacey: I do not have all the background. My understanding is that, while some traditional owners may have been interested, others may not have been certain. In addition, the Northern Land Council, which was representing traditional owners, expressed concern overall about the township leasing model.

Senator SESELJA: So the Northern Land Council did not support it. Does the Northern Land Council support it now?

Senator Scullion: I attended Gumbalanya in October after having submissions from the community that it would be useful if I came out. Without reflecting on the previous government or any of their particular views, for all the reasons that have already been expressed by Mr Stacey, it had not progressed. I think we were able to progress the matter substantially, and it is now being advanced, as you would expect, through the community. I would certainly like to express my thanks to the Northern Land Council. It is a very difficult task. Traditional owners have a spectrum of views in the community, and effectively you have to have a unified view before you can move on these matters. If I can report, I think it is moving along very well, and there are continuing discussions. I have been to Gumbalanya a number of times and I have participated in those discussions. It seems to be on track. I know nothing happened for a long time, but there were a number of quite complex legal matters that the Northern Land Council was sorting out. I think it is pretty much on track and it seems to be very well supported by the communities.

Senator SESELJA: So, in your opinion, it was not to do with a lack of will from the government; it was more to do with the complexity of the negotiations and the legal arrangements?

Senator Scullion: I do not really want to reflect on that, Senator. I am not really sure about the history. All I know is that not much happened, but it is happening now.

Senator PERIS: Minister Scullion, in relation to the current negotiations with Gumbalanya, you have an MOU about going further? What do you have on the table at the moment?

Mr Stacey: Just to clarify, the statement of commitment was made by traditional owners and Gumbalanya and the minister to seek to negotiate a township lease by the end of June this year. We did provide copies of the statements of commitment in response to questions at the last estimates hearing.

Senator Scullion: The community said, 'Every time we do this we have a meeting and then it just drifts away.' We all agreed and said, 'What about we put a time frame around this so that we can all say that we have got until then to have all these discussions and come up with a decision? If the decision is no, we will go off and put our energies elsewhere.' The community indicated that it just goes on and on. They had been talking about this for a long time and nothing had actually happened. This was something from the community—let's have a statement of intent to negotiate this or not within a certain period of time so that we have some finality on it rather than it just going on into the future.

Senator PERIS: By June you either will go ahead with a 99-year lease agreement or you will not, depending on all the traditional owner groups and the outcome from the Northern Land Council?

Senator Scullion: We will be guided, as in all these cases, by what the community wants to do about this matter. As I said, the commitment was something that came from the community. We all needed to make a commitment of intent, and we did. When we come to the end of that time I would hope that they have come to a decision of one sort or another, but I will be guided by what the community wishes with regard to how we progress that in the future.

Senator PERIS: If the community agrees to any of these 99-year leases, where would money come from for the land? Is that Commonwealth money? Or is it ABA money?

Mr Stacey: Rental payments are derived from the Aboriginals Benefit Account, yes.

Senator MOORE: I just have a follow-up, as you requested, to some of the previous questioning. I am trying to remember: Minister, in the last part of your answer to Senator Peris about the MJD you said that you were going to commit to a figure of \$500,000 a year into the future. At the end of that, was it to the MJD foundation? Or to some other agency? Was the actual commitment to the foundation? Or to the issue?

Senator Scullion: I am sorry—could you clarify that?

Senator MOORE: When you gave the quite detailed response—and thank you—to Senator Peris about MJD, you said you were going to commit \$500,000.

Senator Scullion: We said we would offer that. We are in negotiations at the moment. So, we have offered that, but I know that that is the amount that is going to cover the therapy that is expected to be delivered. So in good faith we have said that that amount of money will be available. MJD may not necessarily be the organisation to deliver it—if they choose not to, for example. But we are committing to deliver it. They obviously have a network on the ground. If they have been in touch with the exact people then obviously we would seek to continue that. But if they chose not to accept that we would deliver it through some other mechanism.

Senator MOORE: Normally in this process we would have a discussion with the coordinator-general. The decision has been made for that position to cease. I am trying to find where that fits in to the money, because that position was funded into the future years, was it not?

Ms Carroll: In MYEFO there was a saving of the discontinuation of that position.

Senator MOORE: And the saving in terms of the original process for this year was through until the end of the financial year and then into the future. Is that right?

Ms Carroll: Yes.

Senator MOORE: I can find in the additional estimates that there was a saving in 2014-15, 2015-16 and 2016-17, but I just could not find anything under 2013-14 for the saving of January to June.

Ms Carroll: That money had already been appropriated, so that would just be part of the funds for this financial year.

Senator MOORE: It would just go back to—that awful term—consolidated revenue.

Ms Carroll: Or alternate use.

Senator MOORE: Within the program?

Ms Carroll: Yes.

Senator MOORE: Where do we find that? In the figures, how do we know that?

Ms Carroll: I think the problem is that because of the machinery-of-government changes the portfolio additional estimates statement has the things that have been settled by additional estimates to go forward. So, for the whole financial year it is a combination across different departments, so you have a transfer, and all those transfers have not actually been finalised. So, when we come to reporting back at the end of the financial year we should be able to gather a lot of those things together. But a number of the final financial transactions have not occurred yet.

Senator MOORE: So at the end-of-financial-year statements we should be able to find it all and then question accordingly?

Ms Carroll: Yes.

Senator MOORE: Thank you very much.

Senator SIEWERT: Going back to the alcohol management plans, I am aware that there is a House of Representatives inquiry into alcohol in Aboriginal communities. That is not going to prevent alcohol management plans being dealt with, is it?

Ms Carroll: No. We would be continuing with our current process, and obviously the House of Representatives process will continue, but we would not stop what we are doing.

CHAIR: We will take a five-minute break and then return on health issues.

[10:25]

CHAIR: I welcome Ms Samantha Palmer, First Assistant Secretary, Indigenous and Rural Health Division of the Department of Health and officers to join the officers of the Department of Prime Minister and Cabinet to this session on health issues. Ms Palmer, would you like to make an opening statement?

Ms Palmer: No, thank you, Chair.

Senator SIEWERT: I want to pursue both the partnership agreement and the health plan, the implementation of both and where they are up to.

Ms Palmer: The national partnership on Indigenous health outcomes?

Senator SIEWERT: Yes.

Ms Palmer: In December COAG made a decision to streamline national partnership agreements, which resulted in a decision not to continue work on the National Partnership Agreement on Closing the Gap in Indigenous Health.

Senator SIEWERT: That was made in December?

Ms Palmer: Yes. This was a NPA where there were no transfers from the Commonwealth to the state.

Senator SIEWERT: I am a bit gobsmacked! What are you doing?

Ms Palmer: The Commonwealth activity continues in relation to its contribution to that activity, the Indigenous Chronic Disease Package and the work that we have been doing. The states of course continue their activity because all of their funding under that NPA was their own funding. Since December we have actually been working much more closely with the states through the partnership forums that exist in each state. Those partnership forums involve the Commonwealth and state representatives and also representatives from the national Aboriginal Community Controlled Health Organisation affiliate in each state. So within the department we are putting much more effort into a consistent approach and the way we are working together to work with our state colleagues in relation to improving health outcomes for Aboriginal people.

Senator SIEWERT: What was the time line for the agreement?

Ms Palmer: The NPA expired in June last year and all NPAs were considered by COAG in the context of activity around streamlining NPAs. Questions were asked at last estimates about the NPA and we answered those questions, and those went up on the website a few weeks ago.

Senator MOORE: The parliamentary joint report on the review of NPA, which was concluded and, I understand, went to COAG—can we get a copy of that report?

Ms Palmer: That report has not finished going through the committees of COAG. When that report is available we will certainly—

Senator MOORE: And the time frame for that?

Ms Palmer: We paused it as a result of that COAG process and we are doing that as quickly as we can.

Senator MOORE: The review was going ahead and it was being done, why did you pause it?

Ms Palmer: We paused it at the time that the NPAs were being considered by COAG.

Senator MOORE: So the review that was working out how it worked was paused when they were considering why they would not continue?

Ms Palmer: The review is a joint document by the states and the Commonwealth and it has been working its way through committees. It is reasonable to say that it is in its final stages of going through committees.

Senator MOORE: And the decision to pause it was made by whom?

Ms Palmer: It was made by the department.

Senator MOORE: And that decision was reviewed by the then minister?

Ms Palmer: No.

Senator MOORE: I am trying to get my head around it. This review document has been widely discussed because the decision to end the NPA, without knowing exactly what was going to happen next, has been in discussion in the community and amongst people working in the profession. So the review was being conducted by whom and under whose authority?

Ms Palmer: It is a joint review activity between states and the Commonwealth.

Ms Palmer: There was an analysis done by AIHW as part of that review process. But the document itself was a document of the Commonwealth and the states. A variety of drafts of that had been through Commonwealth and state departments as it had gone through its drafting process. But it is not a final document until it has gone through those final committee approvals.

Senator MOORE: When was the last draft circulated? I am trying to get a time line. As the review was going on, when was the decision made to pause the review?

Ms Palmer: Somewhere in late November or December. We did that when we became aware that there was an impending consideration of decisions about NPAs at that COAG meeting.

Senator MOORE: That decision was made by the department in about November or December prior to the COAG meeting.

Ms Palmer: Yes.

Senator MOORE: Was the decision told to the COAG meeting, that the review had been paused?

Ms Palmer: I do not think it was part of—it was a much bigger, broader item that was going to COAG about streamlining NPAs in general.

Senator MOORE: Yes, but you went to COAG and one of the NPAs was the particular one on health, Closing the Gap.

Ms Palmer: I am not sure the degree to which every NPA that was discussed within that COAG approach because—

Senator MOORE: How many of the NPAs was Health engaged in?

Ms Palmer: At that time?

Senator MOORE: Yes.

Ms Palmer: We have the national partnership on Closing the Gap and Indigenous Health Outcomes and the Indigenous Early Childhood Development NPA.

Senator MOORE: So you are only involved in two.

Ms Palmer: Sorry, how many NPAs in total is Health involved in?

Senator MOORE: No, NPAs that were under review. Take that on notice.

Ms Palmer: I will have to pass that to PM&C, I think.

Senator MOORE: How many NPAs were Health involved in, how many NPAs were under review? Were there pre-existing review processes going on and was there a decision to pause all review activity around NPAs?

Ms Palmer: We will take that on notice.

Senator SIEWERT: In terms of the plan, then—

Ms Palmer: The National Aboriginal and Torres Strait Island Health Plan is currently under consideration of the government minister.

Senator SIEWERT: So the negotiations have finished.

Ms Palmer: The health plan when it was released by the former government in July was a Commonwealth-only document. It is different to the previous strategic framework which it replaced, which had previously gone through AHMAC. The national plan was not a document that had been negotiated with the states, because the previous government decided to release it as a Commonwealth-only document.

Senator SIEWERT: Where are the states up to in terms of their support of it or not?

Ms Palmer: Many of the states actually have their own health plans. When we were drafting the national Aboriginal and Torres Strait Islander health plan we worked very hard to ensure all the national plan was consistent with the material put forward in each of those states that had their own plan. We engaged the states in the consultation process as we were working towards putting to government what should be in that plan.

Senator SIEWERT: Are you saying the states at all happy with it because you have used the states' plans to develop it?

Ms Palmer: No, I cannot say the states are all happy with it. That is a matter for the states. But we tried very hard to make sure that what was put to government for the national plan was consistent with what states had had in their plans, where they had an existing plan. Not every state has one, but a number of states do. That was what we were attempting to do.

Senator MOORE: But was it, in terms of—

Ms Palmer: From our perspective, we believed it was.

Senator MOORE: Has that final plan been discussed with the states, then, the one that was launched in August or September?

Ms Palmer: In July; we had a stakeholder advisory group for the development of the plan. There were two state representatives on that group. Later in its development, one of the state representatives moved from WA to NT. That left us with one state representative. That state representative was making efforts to reflect states' views in that stakeholder advisory group on the plan.

Senator SIEWERT: The state commitment of funding that you were attempting to get previously, has that now been abandoned so that the states are no longer being required to say how much they are committing to a national health approach?

Ms Palmer: At this stage there is no administrative avenue for asking the states to be clear about what they are putting into Aboriginal health, although there are states that do make that clear when they make their budget announcements.

Senator SIEWERT: But not all states do.

Ms Palmer: No, that is correct.

Senator SIEWERT: Is it correct to say now therefore there is no real national approach, given that states are committing to certain amounts of funds to a national approach?

Ms Palmer: Under the welfare agreement Aboriginal and Torres Strait Islander health is a joint responsibility of the states and the Commonwealth. What we are trying to do through our activities with those state planning forums is to be much more proactive and coordinated about how we work with the states on that activity.

Senator SIEWERT: If there is no partnership agreement any further and some of the states are not making clear how much they are spending and making an upfront commitment, how does that increase that cooperation?

Ms Palmer: The use of NPAs within the Commonwealth is a matter for government.

Senator SIEWERT: That wasn't the question. We have abandoned that partnership approach, which is a much more upfront formal commitment, to a much more informal commitment where a number of states, from what you have just said, have not publicly committed to either a partnership—there is no partnership agreement anymore—or to any form of public agreement to national formal cooperation.

Ms Palmer: Within each of those state planning forums there have been commitments and signed documents between the Commonwealth and the state and the Aboriginal health sector. They are called partnership agreements. They were founded or formed within the previous strategic framework and a number of those states have alerted the Commonwealth to the expiry of those agreements and some of them have written the government about how those new agreements might be entered into. I think I can safely say that our partnership agreement and how that works within the planning forums that we have is being considered by government. It is important for you to know that there was not any lever for us within that previous NPA to ensure the states were actually spending what they committed to spend.

Senator SIEWERT: That was a problem with the previous agreement, it is not a justification for not making it better.

Ms Palmer: It is a fact, but also the monitoring and management that was in the previous NPA continues, because within that NPA how we were measuring progress is actually part of the Aboriginal and Torres Strait Islander health performance framework and also part of the national key performance indicators, and both of those things still continue irrespective of not having an NPA.

Senator SIEWERT: What is the expiry date on those? Are those in perpetuity?

Ms Palmer: Those are currently in perpetuity.

Senator MOORE: What does in perpetuity mean here?

Ms Palmer: We do not have an end date.

Senator MOORE: But it could be changed at any time by policy.

Ms Palmer: Of course governments do that.

Senator SIEWERT: In terms of the state processes, it sounds from what you are saying that different states are at different levels. Is it possible for you to tell us—you need to take it on notice; I appreciate that—which of the states has a forum that is about the agreement that is about to expire and where the other states are up to and what processes are in place, and also where you know there has been a formal commitment from the states to an amount of money that is being spent.

Ms Palmer: We can do that.

Senator MOORE: I have got a couple of direct questions in terms of process. I am trying to get my head around the various levels here. You said that you are working with the states which have their own form of fora across each one. Do we have details of those fora and who is involved?

Ms Palmer: We can provide that. They have been running for some time.

Senator MOORE: They are not on the website. If we can get a copy of what is continue to operate now, which, if I understand, is the basis on which ongoing Commonwealth-state discussions are continuing in the health space and the time. I have got a couple of specific questions in terms of the NPA and the plan and the linkages. You have given us the advice that the department recommended that the review cease while it happened. We can follow that up as soon as that document is public if we can find out, because we understand that first ministers around the states have a copy of a document of this nature. Can you tell us what Indigenous health programs are directly funded by the Commonwealth on an ongoing basis.

Ms Palmer: Broad Indigenous health programs on an ongoing basis.

Senator MOORE: Yes. You can take those on notice if you want to, but in terms of the specific questions about total government expenditure on Aboriginal and Torres Strait Islander health in 2013-14; Indigenous health programs which will be directly funded by the Commonwealth on an ongoing basis; which elements of Indigenous health programs and service delivery will no longer be funded by the Commonwealth government. The previous Labor government committed \$777 million to the new NPA in terms of closing the gap in Indigenous health. Is this money still committed?

As part of the discussions around NPA there was money on the table at \$777 million, which was part of all the announcements around the NPA moving together to close the gap. Is that \$777 million still committed and in the budget?

Ms Palmer: Sure, I will take that on notice.

Senator MOORE: Could we have the figures to confirm that?

Senator SIEWERT: Can you not tell us that one now?

Ms Palmer: Sorry, I thought you were running a whole list of things you wanted us to take on notice. I can give you detail about that right now, if you wish to have it.

Senator MOORE: The \$777 million?

Senator SIEWERT: I think that for that one it is important that we get it on the record now.

Ms Palmer: The funding that was committed by the Commonwealth in relation to the NPA comprises funding from different sources. There was \$777 million and it was \$992 million if you took into account MBS and PBS flow-on costs. They are part of that appropriation. That component continues. Most of the funding from the NPA was in the Indigenous Chronic Disease Fund. There is \$245.503 million allocated in this full year. Expenditure to date has been \$119.604 million. We have further commitments of \$78.441 million at this time.

Senator MOORE: Which is a total of—

Ms Palmer: What that means is that at this time there is about \$47 million that is not contracted.

Senator MOORE: Under chronic disease?

Ms Palmer: In the Indigenous Chronic Disease Fund, yes.

Senator MOORE: And that money is still there; it just has not been committed.

Ms Palmer: That is right, at the moment.

Senator SIEWERT: That is to be spent over the next—

Ms Palmer: Within this financial year.

Senator SIEWERT: But it is not committed.

Ms Palmer: That left-over is not committed at this time. We are still going through approval processes for some things.

Senator MOORE: In the agreement with the states, which was the core of the NPA process, the states were committed, under a chronic disease package, to \$8.22 million. Do you have that figure?

Ms Palmer: The states—

Senator MOORE: Under the NPA, the states were committed to fund their share of the chronic disease package. That was all public. It was a total of \$8.22 million.

Ms Palmer: The chronic disease package is Commonwealth only funding. The states put their own money into their own Indigenous activities.

Senator MOORE: Around chronic disease?

Ms Palmer: There was one state that wrote and indicated how much it was prepared to put into the NPA. That was Queensland. I have that number, but no other state had indicated at the time of the offer what they were prepared to put in. I did not bring it with me, but the Victorian government announced a long-term plan for Aboriginal health expenditure in last year's budget. I am just having a look here to see if I—

Senator MOORE: Put that on notice because you will be going through lots of papers. The core element that we are both seeking is the commitment into the future of the shared states-Commonwealth commitment to closing the gap and health. You did say that the previous NPA did not have clear accountability mechanisms that the state had to go through.

Ms Palmer: Yes.

Senator MOORE: You also said that people were looking together at how that kind of accountability could be built into a future plan.

Ms Palmer: In terms of a partnership, that is right.

Senator MOORE: Is having that transparency and shared commitment a priority?

Ms Palmer: It certainly is from the department's perspective, in terms of working together and maximising the investment that the states and the Commonwealth are putting into Indigenous health.

Senator MOORE: Minister, in terms of the process—we have been talking about the COAG process around closing the gap, the health commitment, national plans and what is going to happen after the NPA—what is your role in the clear issues about commitment of funding and commitment to cooperation?

Senator Scullion: I will central to making the decisions about how we progress those matters. There are only two choices in terms of the nature of the funding arrangements. It is either through an NPA or a bilateral arrangement. The only other matter that is germane to this is that there will be significant input from the health minister, as well, on those matters.

Senator MOORE: Is it you or the minister in the health area that goes through this process in Indigenous health discussions? Which minister attends or takes the ownership?

Senator Scullion: The Minister for Health would be primarily responsible in those areas.

Senator MOORE: Is this part of Minister Nash's—

Senator Scullion: Indeed—well, it would involve us both. To what extent, I would have to get back to you. I really do not know and cannot predict exactly what the level of representation will be, but I am happy to get back to you.

Senator MOORE: It seems to me that this COAG process is reaching a new level in terms of importance. We have heard all this evidence about what is going to happen next, in terms of what happens in the future, the role, and who is going to be there and the ownership, we would really like to know that.

Minister or the department, are there any other specific health expenditures in the system at the moment for MJD apart from the ongoing relationship through the previous arrangements with the ABA?

Ms Edwards: Senator, if I may, I have a list we have gathered together of the funding to the MJD Foundation; it may not be entirely exhaustive.

Senator MOORE: If we can get that that would be very useful, but I am also interested whether there is any other form of funding for MJD. The point being, and Senator Peris was raising that, that the MJD relationship with their clients is much wider than just service provision for therapeutic activities. Going back to the discussion we had earlier around the \$500,000, the \$500,000 is for therapeutic activities, as we pointed out, and the foundation is much wider than that.

Ms Edwards: Senator, we can provide details on all the funding to the foundation on notice, if you prefer.

Senator MOORE: Good.

Ms Edwards: In relation to other services for MJD, my Health colleagues may have something to add, but untangling exactly what was what may be difficult because obviously all sorts of disability services and health services, acute care and so on may well be made available to various sufferers at different times. So you are after specifically directed at MJD as opposed to the whole of the health area?

Senator MOORE: Yes.

Ms Carroll: Senator, perhaps I can just give a summary and then hand over to the Health colleagues. As I think we have already discussed this morning, there was the original grant of \$1.7 million.

Senator MOORE: Yes, and we had those answers.

Ms Carroll: In addition to that, we understand, and Health can talk to this, there was \$371,000 from the Department of Health to MJD. We understand that there has also been a grant from Groote Eylandt enterprises of about \$1.1 million, as well as a grant of the National Disability Insurance Scheme of \$185,000, again to help with the development of understanding the links with the National Disability Insurance Scheme. So they are a set of things that we are aware of.

Senator MOORE: And that is all involved in the data you are going to provide for us?

Ms Edwards: That is all in the list.

Senator MOORE: So it is all listed. Minister, did you meet with the MJD Foundation to discuss this issue before the decision was made not to—

Senator Scullion: No, I did not. As the person making the decision, I decided that that was not appropriate.

Senator MOORE: Have you met with them subsequently?

Senator Scullion: No, but I have on the public record an open invitation to meet with them and I expect to do so. In relation to your question, could I just say there are two different areas that the MJDF provide. One area, to a lesser degree thus far, is in clinical and therapeutic applications under which that was their clear intent with the funds that may have been allocated and those funds that we have dealt with this morning. There is also another area which involves general advocacy and dealing with issues and providing services that are beyond the therapeutic and clinical process.

Senator MOORE: Community and individual support.

Senator Scullion: Along with the original \$6 million, they have access to other philanthropic contributions, as a foundation should. It is probably best to talk to the foundation in order to confirm, but I would assume those other services would be met out of the \$6 million. As Senator Peris indicated, the funds we provided are identical to the interest that would have been drawn down off the additional \$10 million. The \$6 million is outside of that, and I would have assumed that those other services would be provided from that.

Senator McKENZIE: Chair, the coalition will put further questions on health on notice.

Senator SIEWERT: I can put some questions on notice as well, but I do particularly want to follow up renal services and dialysis. Thank you very much for the briefing expecting that we would be raising this. First off, I am wondering whether you have—and hoping you have—the report from EY that Western Desert Services have provided?

Ms Palmer: Yes, that is right.

Senator SIEWERT: You have seen it?

Ms Palmer: I have seen it, absolutely. I have quite regular engagement with Sarah Brown.

Senator SIEWERT: I figured that you probably had seen it. What I am keen to follow up, obviously, is first the \$10 million.

Ms Palmer: Yes.

Senator SIEWERT: I know that I have been pursuing this, and I will continue to pursue it. I also note that one of the first things said in the briefing paper is that dialysis is a state and territory government responsibility. I think we all agreed to differ a bit on that for the time being. However, what I want to know at the moment is what progress is being made in further negotiating the expenditure of that \$10 million, and I am seeking assurances, again, that it has not gone back into what I would call consolidated revenue and that it is, in fact, still there to be spent on infrastructure.

Ms Palmer: The funding is still there at present. We have not received any viable project proposals from any of the states for renal dialysis projects to use that funding in central Australia at the present time.

Senator SIEWERT: What do you define as 'viable' projects?

Ms Palmer: A project that is consistent with the Central Australia Renal Study and the recommendations associated with that.

Senator SIEWERT: What processes are you going through at the moment to try and progress the development of those projects?

Ms Palmer: As you know, we have spent quite a lot of effort over the course of the last year in working with the states, seeking proposals in relation to that. It was very clear from WA and from NT that they were not going to put forward any proposals where there was recurrent funding required from those states. We had not received anything further from them at that time. South Australia put forward a proposal, but it was not viable because it was not actually to extend service delivery. It was—

Senator SIEWERT: This is the one that we discussed last time?

Ms Palmer: Yes, sorry. It was in relation to the bus. Since we last met, of course, South Australia has completed and launched its renal bus, which also means that the bus that it was using, which was one that the Commonwealth funded from the NT, has now been able to be returned to the NT, and the NT can consider how it might use that bus and go into service with that bus. I understand informally that they are working with Wooden Whippet in relation to the potential operation of that bus that has now come back from South Australia, which is good. We actually do have something else which has just come along. If I can ask my colleagues from Acute Care, we actually have something quite new in this space.

Ms Smith: Part of my responsibilities is the Health and Hospitals Fund. That is the \$5 billion health infrastructure investment fund that has been around for a few years now. One of the projects in that fund which we are very close to finalising with Western Australia is bringing renal dialysis and support services closer to home. That is a \$45.77 million project and the core project outputs will be 17 renal dialysis chairs, consulting rooms for regional renal support teams and renal patient accommodation across a number of areas in Western Australia: the Kimberley, Pilbara, Gascoyne and Goldfields-Esperance areas. Phase 1 of this project should be executed very soon. If all goes well and the weather does what the weather should do—staying dry—then they expect to do the concept planning for phase 1 by around September this year and then commence construction a little bit this year, in October-November.

Senator SIEWERT: Who is that working with? The WA Country Health Service?

Ms Smith: We have a negotiation with the Western Australia government and it will go to country health. Phase 1 will involve hostels at Derby with 20 beds, a hostel at Kununurra with eight beds, a hostel at Fitzroy Crossing with 20 beds, four dialysis chairs at Fitzroy Crossing, seven chairs at Kalgoorlie and further accommodation at Geraldton, Kalgoorlie and South Hedland. That is in phase 1 of the project. As I say, we are hoping we will start that one this year, all going well. There is a second phase to the project. The concept planning will be finished this year, but construction will commence later. Those are for hostels at Broome for 20 beds, Carnarvon for five beds, Kalgoorlie for 19 beds, and two dialysis chairs at Esperance and four chairs at Roebourne. And there will be some further accommodation at Broome as well. So that is the full scope of that project for the total of about \$45 million.

Senator SIEWERT: And is that the finalisation of the money that was announced, I think, two budgets ago—or is this completely separate?

Ms Smith: No, this is part of the health and hospital fund, which was initially started in about 2009. This is a round 3 project. It has taken a while to have this project finalised. Western Australia needed to find the recurrent funding for this project. It is a large project; you could imagine that would have a significant impact on Western Australian resources. They have worked their way through that. The other part they had to do was to finalise the locations. They have done that in consideration of their total approach to renal dialysis and renal care across Western Australia. That is why it has taken a little while to get to this point.

Senator SIEWERT: That is really good news for my home state. But I still want to know what is happening with the \$10 million in the central desert. I will take you back to the Ernst & Young study, which seems to indicate—and I am using the words 'seems to indicate' because I am aware a more full cost-benefit analysis needs to be done—that they can deliver in the community and meet the national efficient price. So I am wondering whether you are interested in, or are thinking of engaging in, looking at further work there to complement the work that EY has done in terms of doing the full cost-benefit analysis.

The second question is: no-one is denying that we need to invest that \$10 million. It seems to me that that is a given, yet we still have not managed to find a way through this. Are you looking at other ways that that money can be invested—particularly as this report is showing the benefits of in-community dialysis that is actually being delivered in those remote locations at the national efficient price?

Ms Palmer: It is fantastic to see that work done, and we were really pleased to see that report done for WDNWPT. Because service delivery of renal dialysis is a matter for the Northern Territory, we are pleased to say that the Northern Territory is engaged with WDNWPT. Of course, we fund WDNWPT. We give money to the Northern Territory to fund WDNWPT, and have done for some time, so we are clearly supportive of that model.

Senator SIEWERT: I understand that the Northern Territory government is looking at further investment because they are recognising the need; and I understand the frustrations from the Commonwealth perspective. But while that frustration is going on, the fact is that the situation is getting worse. So, what innovative ways are you looking at to drive the project so that I am not back here in May asking exactly the same questions?

Ms Palmer: I have spent quite some time talking to Dr John Boffa from the Central Australia Aboriginal Health Congress, and in the past six months or so congress has signed an MOU with the NTG. That MOU has seen congress now providing care plans and primary care support for the 240 patients who are getting renal dialysis services in Alice Springs, which is obviously really important to their improved health outcomes. That MOU allows congress staff to go into the dialysis unit—onto NTG property—to do that work, so it is fantastic to see that. But what has also happened there in the past few months, which I think has been a fantastic show of how the system can work together, is that the congress has transferred all of these patients on to the Indigenous PIP, and is now able to write Close the Gap scripts for them. This now means that all of the cost of the medicines that the NTG were paying for those patients, is now being paid for by the Commonwealth.

Dr Boffa estimates that that frees up about \$1.5 million annually, which the NTG can then invest in further service delivery. In terms of an innovative way of trying to improve patient care, take on more of that cost and support the NTG to expand service delivery, I think that has been a fantastic effort from the Central Australian Aboriginal Health Congress. And it is fantastic to see the Northern Territory government working in that strong partnership to deliver that activity.

In talking to Dr Boffa yesterday, he indicated that his data shows that demand for renal dialysis has plateaued in the Top End, and there has been some other research from Wendy Hoy, Professor of Medicine at the University of Queensland. She has done a study which was published in the *BMJ* which seems to show that the rates of the need for renal replacement therapy, or dialysis, is stabilising quite significantly. Her conclusion is that the investment in prevention, early intervention and chronic disease management strategies which has been occurring is now starting to pay dividends. It is very positive to see that come out only very recently, since we were last talking. If we are looking in that space, I can see that, in talking and engaging with Sarah Brown, there has been more extension of service delivery from Wooden Whippet. They are rolling out more services. They are working with WA Country Health Service to work on a recurrent operating model, hopefully with WA Health, for the expansion that they are doing into that state, and they are certainly getting a lot of philanthropic support for expanded service delivery there as well.

Senator SIEWERT: I have one last question, and I also want to follow up the issue about the PBS. In terms of the money that has been freed up in the NT, it seems to me that it is a classic time to say, 'You've got some money there. How about complementing the \$10 million.'

Ms Palmer: That is correct. That has been raised twice at the Aboriginal health planning forum that occurs in the NT. The NT was asked to commit to use the money that has been saved through the transfer of expenditure to

the Commonwealth to progress that. The Kidney Action Network is very focused and working on this, as you would expect. There is a push, and we are trying to find what I think are innovative ways to support that.

Senator SIEWERT: That is great, and I look forward to some even more positive news in May. Do you remember two or three years ago the Community Affairs committee did an inquiry into PBS arrangements under section 100 of the National Health Act?

Ms Palmer: I have only been in this job for 18 months. I do not remember it.

Senator MOORE: Ms Palmer, it is essential reading!

Ms Palmer: I will absolutely read it when I get back to the office!

Senator SIEWERT: It is gripping! There has not been a formal government response to that report. Is there likely to be one? You may need to take that on notice.

Ms Palmer: Yes, I think we will have to take that on notice.

Senator SIEWERT: It is not big headline stuff, but it is important for health outcomes in Aboriginal communities, and we have not had a response. I am not having a go. I am just asking if you could look at whether one is imminent, because I do want to follow it up.

Ms Palmer: Certainly.

Senator SIEWERT: Thank you. I do have questions regarding petrol sniffing, most of which I can put on the agenda, but I would like to know how the supply is going in the Darwin tank. I am looking forward to some more positive news.

Mr Shevlin: I can advise that we have contracts in place and work is underway on the construction of the bulk storage facility in Darwin.

Senator MOORE: Is concrete being poured?

Mr Shevlin: At the moment, we have made two milestone payments and off-site construction is underway. A lot of the site preparation work has been commenced, but the pouring of concrete on the site and the relocation of the tank—because we are moving an existing tank and refurbishing it—is being progressed after the wet season to avoid any disruption. We are on target for that tank being available and operational in September.

Senator SIEWERT: Thank you.

Mr Shevlin: We have new contracts in place with BP to develop the longer term storage facility in Kalgoorlie. So that work is being progressed as well.

Senator SIEWERT: Thank you. I have got other questions there, but I will put them on notice.

Senator Scullion: Just for your information, on Wednesday I was in Palm Island and attended a community meeting there. Opal fuel is being made available on Palm Island—

Senator SIEWERT: I saw that.

Senator Scullion: and we have the same issues there that we have everywhere when we roll this out—concerns about it breaking lawnmowers and those sorts of things. But I have to say the community was very supportive of having an intervention like Opal fuel on the island. The community was very supportive of that. We have built on all that information we provided from Central Australia. I think it is now a lot easier for communities to have technical confidence in terms of using this fuel in cars and those sorts of things, so we will not have the same challenges in the rollout that we had in Central Australia.

Senator SIEWERT: I have some questions around the further rollout but I will put them on notice.

CHAIR: Thank you very much.

Indigenous Land Corporation

[11:06]

CHAIR: Welcome. Mr Dillon, would you like to make an opening statement?

Mr Dillon: No, thank you.

Senator McLUCAS: Mr Dillon, when the ILC last appeared before this committee, in November, there was some discussion about correspondence between the ILC and former ministers. My recollection is that the ILC took on notice the question of whether letters from former ministers Wong and Macklin warning the ILC against the purchase of Ayers Rock Resort could be tabled. We received an answer which gave a table listing letters, but I am very keen to see a copy of those letters. Do you have them with you and can you table them, please?

Mr Dillon: I have them available and I am prepared to table them.

CHAIR: As there is no objection to those documents being tabled, it is so ordered.

Senator McLUCAS: Thank you for that; I look forward to reading those. In the November hearing the committee also heard evidence that the ILC chair had expressed concerns about the due diligence process used by the previous board in purchasing the Ayers Rock Resort and had asked for a public inquiry by the Parliamentary Joint Committee of Public Accounts and Audit. Can you advise who the ILC chair approached requesting a public inquiry?

Mr Dillon: There were a range of letters to the government seeking, amongst other things, a parliamentary inquiry. The corporation has written, since the change of government, quite a number of letters to the government. The letters that seek a parliamentary inquiry, from memory, are as follows. There was a letter to the Prime Minister dated 14 November 2013; a following letter to the Prime Minister dated 16 December 2013; and a letter on the same date, 16 December 2013—the same letter, essentially—to the minister, Senator Scullion. Then, on 5 January 2014, the chair of the corporation wrote to Minister Scullion, again seeking a parliamentary inquiry. On 8 January, three days later, she wrote to the Prime Minister; the parliamentary secretary, Mr Tudge; and the Finance minister, attaching her letter to Senator Scullion of three days earlier, again seeking a parliamentary inquiry. We have, in response, received from Senator Scullion two letters, on 16 December and 20 December, where he indicated that he was writing on behalf of the Prime Minister and the government did not propose to proceed with a parliamentary inquiry into the issues raised at that previous hearing. I should provide some context.

Senator McLUCAS: Please.

Mr Dillon: Things have moved on a bit since much of that correspondence was written, because you will recall the corporation was requested to undertake an end-to-end review of the events surrounding the acquisition, and that review was initiated. There are two components to the review. It is a little bit counterintuitive, but the first component is looking forward, and that is yet to be completed but a draft has been received. The second component looked back at the acquisition, and that was completed first. That was released in December 2013. It is available on the ILC's website. But that review raises, and confirms in many respects, many of the concerns raised in correspondence to ministers.

In response to Minister Scullion's letter indicating that the government did not propose to undertake a review, the chair wrote and made the point that there were a series of unanswered questions that still required consideration and answers. They go to fundamental issues about accountability for the use of government funds, appropriate behaviour of directors and officers of a Commonwealth statutory corporation, due process and transparency. So there are a whole host of issues there. This is a very complex series of events—and I apologise for its complexity; I am doing my best to synthesise it down to headlines.

CHAIR: Thank you, Mr Dillon. You would be conscious that we have a very, very tight time frame, so anything you can do in regard to conciseness would be much appreciated.

Senator McLUCAS: Mr Dillon, you said that Minister Scullion responded to you in December of last year. I take your point that things have moved on since then, but is it appropriate for you to table that answer to the correspondence from the ILC? I might seek Ms Carroll's guidance here too.

Ms Carroll: We do not have copy of that correspondence with us, Senator.

Senator McLUCAS: Mr Dillon, do you?

Mr Dillon: Yes, I have a copy of the correspondence. The department would have access to the letter, I think.

Ms Carroll: Yes. We have it but we do not have it with us.

Senator McLUCAS: But it would be in order to table that correspondence?

Ms Carroll: We will take that on notice.

Senator McLUCAS: All right. We will seek your advice about tabling it and then, if that is in order, you can advise the ILC to table that.

Ms Carroll: Yes.

Mr Dillon: Just for clarity, that letter is dated 5 January 2014—to assist my colleagues from the department.

Senator McLUCAS: Then I would take you, Mr Dillon, to the end-to-end review. My recollection is that that is the McGrathNichol report. Is that correct?

Mr Dillon: That is correct. That is component 2 of the McGrathNichol report.

Senator McLUCAS: Right. And I think you said that the forward-looking part of the work is still in draft—

Mr Dillon: That is right.

Senator McLUCAS: but the backward-looking report—that doesn't sound very good!—the rear-view report, was published. Can you take the committee through the findings of the review in relation to the purchase of the resort and particularly the board's due diligence process?

Mr Dillon: The previous board spent \$6 million on due diligence. There are hundreds, if not thousands, of pages on that due diligence into the acquisition. I cannot really summarise that but the McGrathNicol report went through all these documents in great detail. There are 25 headline findings of concern. I can table a document that lists those. I might just pick up the top six or seven.

To contextualise this, as I reported at the last estimates, the board purchased this asset for around \$300 million. The asset has been written down already by \$62 million. It is now worth \$250 million. We are doing a further evaluation at the moment which may lead to a further write-down. It is clear the board paid too much for this asset—potentially between \$50 million and \$100 million too much. In addition, the board took out borrowings—debt finance—for the acquisition. The outstanding debt that the ILC is carrying in a consolidated fashion is close to \$200 million. The justification to the board by the director who drove the negotiations was that the asset would cover the debt repayments and the repayment of the principal in due course. The projections that went to support that have not been met since the acquisition took place. Now, to go to the findings—

CHAIR: Mr Dillon, it is important to be concise. I do not think it ought distract from your argument but if you could be concise in response to Senator McLucas's questions that would be much appreciated.

Mr Dillon: I am being precisely concise.

CHAIR: Excuse me, if you could be as concise as you can that would be much appreciated.

Mr Dillon: The first point to note from McGrathNicol was that the CBRE valuation that the board had available to it when it made the acquisition was 17 months old. McGrathNicol did some calculations. They indicated that had they had an up-to-date valuation the value of the resort would have been in the order of \$250 million—not \$300 million. That goes to the point of paying too much. A further key finding was that the due diligence, which cost over \$6 million was on a success-fee basis. There was no appropriate selection processes around the selection of due diligence consultants. Grant Samuel received one per cent of the purchase price, which—

Senator SESELJA: So the higher the purchase price the more the person would receive?

Mr Dillon: Absolutely.

Senator SIEWERT: Is that usual? I am not an expert on due diligence but—

Mr Dillon: We understand there are precedents in the industry about this but—

Senator McKENZIE: Which industry?

Mr Dillon: The due diligence industry for real estate acquisitions—hotel acquisitions.

Senator SESELJA: It was effectively an incentive for the individual or company to value it at a higher rate because they would get more of a success fee.

Mr Dillon: Exactly. That is the concern that McGrathNicol raised.

Senator SIEWERT: It is bizarre.

Mr Dillon: We are not talking about a small amount of money. The purchase price was \$300 million so the fee was \$3 million. The cheque was written—

Senator SESELJA: Was that part of the \$6 million that you are talking about—the success fee of \$3 million?

Mr Dillon: The \$3 million was part of the \$6 million that was spent. Another headline finding from McGrathNicol was that capital expenditure projections used in the modelling were based on essential capital expenditure only, whereas the projections, going forward, projected optimistic occupancy rates going forward. To get those occupancy rates you require not just the minimal level of capital expenditure but you need to maintain the asset going forward. The Yulara resort is complex of five hotels. It is a small town. So it is a big financial exercise. McGrathNicol found that the occupancy projections appeared to be 'overly optimistic'. They were projected to grow, notwithstanding a long-term decline in visitation.

CHAIR: Excuse me, Mr Dillon, Senator McLucas. We do have questions from other senators in regard to the ILC on other issues, not particularly this one. We are also going to deal with Indigenous Business Australia and I am conscious of keeping on time. If at any point you think you might be able to direct the responses by way of questions, that would be helpful.

Senator McLUCAS: Thank you for your kindness, Chair. Mr Dillon, you said you also have the recommendations—I think you said there were 24?

Mr Dillon: Twenty-five.

Senator McLUCAS: Twenty-five recommendations from the report. To accommodate the chair's reasonable request, if you tabled those recommendations—and you did say that report is available somewhere.

Mr Dillon: On the ILC website. Here I have summarised the 25 key concerns—they are not recommendations. We have extracted them from the report.

Senator McKENZIE: Just to be clear, they are not recommendations.

Mr Dillon: They are key findings.

Senator McKENZIE: In the key finding around the decision, which seems to be not an advisable decision to have made—

Senator SESELJA: That is an understatement, Senator McKenzie.

Senator McKENZIE: Were there any outcomes related to Indigenous employment, around how the resort would work?

Mr Dillon: When the resort was acquired, it employed two Aboriginal persons. In the period since 2010, that number has gone to just under 200 Aboriginal employees and trainees. So it is an extraordinary success. The resort is managed exceptionally well. There is a lot of debate about whether the ILC has, in a sense, denigrated the resort. The ILC has not. We believe the resort is exceptionally well managed and the ILC itself, over and above the purchase price in the last 2½ years has invested over \$9 million in Indigenous employment at the resort. It is a huge success story. The minister himself has been on the front page of the *Australian* extolling the benefits. We are all on the same page here. The current ILC board has done a terrific job in driving Indigenous employment. The vision was with the previous board. No-one disputes that, but that is not the real issue here. The real issue is the ILC, a statutory corporation, purchased an asset for 300 million which was probably worth just over 200 million and borrowed way beyond its financial capacity to repay. The ILC will live with the consequences for the next 10 or 20 years.

Senator SIEWERT: And the consequences are?

Mr Dillon: The consequences are that the interest repayments are around 11 million a year and, were we to pay down the 200 million at 10 million a year that would take us 20 years. So there you go: \$20 million a year for the next 20 years, roughly.

Senator SIEWERT: That is overall?

Mr Dillon: Back of the envelope—out of a \$50 million budget from the land count, so basically 40 per cent of our funding. I should qualify this because, if we can trade out of this—

Senator McKENZIE: I have other questions.

CHAIR: Thank you.

Senator McLUCAS: This is actually the answer.

Senator McKenzie: Is this—

CHAIR: Excuse me, Senator McKenzie. There has been lots of information in Mr Dillon's presentation. Much of it is difficult for people to digest if there is no opportunity for other questions. Senator McLucas, can you ask Mr Dillon a question because other senators do have questions on other issues for the Indigenous Land Council?

Senator McLUCAS: I note you have made changes to the Audit and Risk Management Committee. There was some commentary about that as well. I also note that the minister, in his role as the shadow minister, was critical of changes to the audit management committee. I think you have given us a context as to why the audit management committee had to be reviewed. Can you confirm, in a short sentence, why the ILC changed their—

Mr Dillon: The audit risk committee should have had a key role in over sighting the transaction. The transaction was driven by Director Baffsky. Director Baffsky chaired the Audit and Risk Management Committee. The review notes that the audit and risk committee did not give adequate attention to the transaction. Director Baffsky had been on the audit and risk committee—I do not have the exact figure—for somewhere in excess of 10 years. The Audit Office guidelines say two terms, five years or thereabouts, and another member of the audit and risk committee, Director Jeffries, had been on the audit and risk committee for nine years. So the committee had been locked in place for too long, and the review found that that was a key corporate governance issue that the ILC should address. Of course, when the new board was appointed in October 2011, they immediately took action to renew the audit committee. That was when, suddenly, conflict emerged within the board.

CHAIR: I need your consent to table a document, Mr Dillon; it is the recommendations.

Senator Scullion: Just for clarity, Mr Chairman, the actual report and its recommendations were tabled on 18 December, so they are available on the public record.

Senator SIEWERT: Minister, I just missed where you said they were tabled.

Senator Scullion: They were tabled on the ILC website on 18 December.

CHAIR: Senator Siewert, do you have any questions of the ILC in regard to this specific issue?

Senator SIEWERT: Senator McLucas is asking questions that I might following up on. So if I need clarity I will throw something in.

CHAIR: Senator McLucas, I would like to go to Senator McKenzie at 11.30 and then come back to you.

Senator SIEWERT: Chair, can I clarify: will we get copies of the letters that Mr Dillon tabled?

CHAIR: Yes, they are being photocopied now.

Senator McLUCAS: I want to go to another inquiry. Last month there was a media report referring to another review of the purchase of the Ayers Rock Resort, which had been conducted by Aegis Consulting Group. My understanding—and I can be corrected—is that this report was commissioned by previous ILC board and Voyages board directors. Did the ILC pay for this report?

Mr Dillon: Senator, the answer is no.

Senator McLUCAS: I then assumed that this was paid for in their personal capacity—but you would not know the answer to that. Are you aware of that report?

Mr Dillon: I am only aware of it by virtue of the media reports.

Senator McLUCAS: Do you know why the report was commissioned? You might not be able to answer that question.

Mr Dillon: No, I do not know why the report was commissioned. There was no contact with the ILC regarding the report, seeking information—nothing.

Ms Carroll: Senator, perhaps the department has been provided with a copy of that report as has the Department of Finance, and we are currently considering the report.

Senator McLUCAS: It is not yours to publish though, is it?

Ms Carroll: No, Senator.

Senator McLUCAS: Do you know who commissioned it, Ms Carroll?

Ms Carroll: I will just have to check if I have got that specific information.

Senator McLUCAS: Could you also find out, if you can, who paid for this report and why it was commissioned.

Ms Carroll: I would not be able to tell you why it was commissioned. All I can tell you is that it was provided to the department.

Ms Edwards: Senator, I am informed that on the face of the report it is not clear exactly who commissioned it.

Senator McLUCAS: So the department has it at the moment. Has it been provided to the minister at this point?

Ms Edwards: It was provided to the department under a direct letter.

Senator McLUCAS: Have you provided it to the minister?

Ms Carroll: Not at this stage. We are talking to the Department of Finance about it.

Senator McLUCAS: Minister, have you seen the report?

Senator Scullion: No, I have not seen the report, but I am aware of its existence.

Senator McLUCAS: Simply through media commentary?

Senator Scullion: Yes, it first came to my attention through media commentary, but I am also aware of its existence through conversations with the department—'Where is it up to?' sort of thing, and they said it was with Finance.

Senator McLUCAS: Have you had other advice—

Senator Scullion: I have not had any other briefings or advice in regard to—

Senator McLUCAS: or conversations with other people about the report?

Senator Scullion: No, I have not.

Senator McLUCAS: Chair, my next question moves along a little bit.

CHAIR: It being 11.30, I would like to go to Senator McKenzie and then we will come back.

Senator McLUCAS: Okay. But I do have further questions.

CHAIR: Senator McKenzie, on the Indigenous land council.

Senator McKENZIE: My question relates to the Northern Territory land councils and the Aboriginals Benefit Account. Could you outline for me the increase in Commonwealth funding over the last five financial years, please?

Ms Edwards: Can we just clarify—we are in the section talking about the Indigenous Land Corporation. I am not clear on the question. Could you repeat it?

Senator McKENZIE: That question might be more appropriate for PM&C—is that right?

Ms Edwards: Yes.

Senator McKENZIE: My apologies. I have a question for ILC around the acquisition of the Koori Job Ready program. Can you confirm that the National Centre of Indigenous Excellence Board approved, around June 2013, a \$50,000 per annum pay rise to its CEO, backdated for a year? What was the basis of that approval?

Mr Dillon: I cannot confirm that, but I am happy to take it on notice.

Senator McKENZIE: Okay. Was the ILC Board informed of the acquisition of the National Centre of Indigenous Excellence of Koori Job Ready from the CFMEU?

Mr Dillon: I do not think this was an acquisition from the CFMEU.

Senator McKENZIE: It was purchased from the CFMEU. It was an acquisition by NCIE of Koori Job Ready. That program was acquired from the CFMEU. I want to know what the board knew about the acquisition and I want to know when they knew it, and then I want to go to the approval processes.

Mr Dillon: I think we need to get some clarity about what it is that happened.

Senator McKENZIE: I would appreciate that.

Mr Dillon: This was not an acquisition of anything. The NCIE, which is a wholly owned subsidiary of the ILC, took over a program that was previously run by the New South Wales government. It is an employment program for Indigenous staff. It is very similar to the National Indigenous Training Academy that we run at Ayers Rock but it works with local people in New South Wales particularly. Koori Job Ready was a program that was created in 2006 by the New South Wales government. It was previously located at the Australian Technology Park in Sydney, in my understanding.

It has been funded with Commonwealth money from IEP and also with New South Wales government money. NCIE took this program over. The two programs are the Les Tobler centre for construction industry training and the Yaama Dhiyaan program for the hospitality industry. It provides an integrated solution for people seeking training and provides assistance in finding and maintaining employment. There was no acquisition; there was just a transfer of the program, if you like. It was previously auspiced by the New South Wales government. It then went to the NCIE with New South Wales government funding and ongoing Commonwealth funding.

Senator McKENZIE: When did that occur?

Mr Dillon: That occurred last year.

Senator McKENZIE: Month?

Mr Dillon: So—

Senator McKENZIE: What date did that change of auspicing arrangements—

Mr Dillon: It was 1 October 2013.

Senator McKENZIE: When was the board made aware of the change in auspicing arrangements?

Mr Dillon: Which board—the NCIE Board or the ILC Board?

Senator McKENZIE: ILC.

Mr Dillon: I would have to take that on notice. It was probably around that time.

Senator McKENZIE: Before or after the—

Mr Dillon: Before.

Senator McKENZIE: It was made aware before—

Mr Dillon: Yes; that is my understanding.

Senator McKENZIE: of the change in auspicing arrangements?

Mr Dillon: I would like to check it. My understanding is that it was before, but I will check that for you.

Senator McKENZIE: What were the approval processes of deciding to actually start auspicing this program?

Mr Dillon: They would have been undertaken by NCIE. They would have had discussions with the New South Wales government and done some assessment as to what was involved. And I was—

Senator McKENZIE: And then what would have happened?

Mr Dillon: I was not privy to those discussions.

Senator McKENZIE: So NCIE decides that they do not longer want to be auspiced by the New South Wales government?

Mr Dillon: No. Koori Job Ready, which was its employment program, was under the New South Wales government, and it came under NCIE.

Senator McKENZIE: Right. So the NCIE made the decision?

Mr Dillon: That is right.

Senator McKENZIE: That 'We want to go and auspice this program'?

Mr Dillon: Exactly.

Senator McKENZIE: And then went to the ILC for approval of that?

Mr Dillon: That is right.

Senator McKENZIE: Before the auspice arrangements changed. Okay. We were talking about the \$6 million done earlier: what due diligence was undertaken by NCIE prior to the acquisition?

Mr Dillon: I would have to take that on notice.

Senator McKENZIE: We had \$6 million from an acquisition that we heard a great deal about over the last half an hour, but we do not have any idea about the due diligence that was done by NCIE around the change of an auspicing arrangement that they clearly had discussions about. You will take it on notice?

Mr Dillon: Well, I was not privy to discussions, so do not wish to chance my arm and say things that I do not know anything about. So I guess I will have to take it on notice.

Senator McKENZIE: Was there any due diligence undertaken by the ILC, then?

Mr Dillon: No. The ILC has subsequently had a look at it in an informal way—the transfer of this responsibility—the reason being that because NCIE is a fully-owned subsidiary, we, in a sense, stand behind them. And—

Senator McKENZIE: Yes, you back them.

Mr Dillon: We back them, and so we want to get a handle on what the ongoing liabilities are here.

Senator McKENZIE: Would it not have been useful to know that before the decision was taken to auspice it—to have an understanding of liabilities? We have had a big debate over the last half hour about decisions around taking on liabilities. This is quite a recent decision to take on more liabilities, but we did not do any assessment as to what they might be.

Mr Dillon: When I talk about liabilities, I am really talking about—

Senator McKENZIE: Yes, I would like to know what you see them as.

Mr Dillon: I am really talking about recurrent funding—the wages, the whatever.

Senator McKENZIE: Do we have an understanding of what the magnitude of that might be?

Mr Dillon: One, we are not talking assets; we are talking an intangible program that is located in Redfern. But the funding here is in the hundreds of thousands, not the hundreds of millions. So to compare the two discussions, I think, is slightly—

Senator McKENZIE: It goes to the principle, surely? We are talking about recommendations around governance, and if you get the governance right it does not matter if you are talking pennies or pounds—good decision making is good decision making.

Mr Dillon: Absolutely, I could not agree with you more.

Senator McKENZIE: All right. I am aware that Rohan Tobler, the NCIE general manager, was formerly employed by Koori Job Ready. Is that correct?

Mr Dillon: It sounds correct to me, but I would have to check and take it on notice.

Senator McKENZIE: Correct, and also the CFMEU? Did he personally advocate for the Koori Job Network's acquisition? Could you outline the conversations that may have been had by Mr Tobler around this issue?

Mr Dillon: I do not have any knowledge of any conversations.

Senator McKENZIE: Okay. Does the NCIE and the ILC have any liabilities relating to the unfortunate death of the 23-year-old Indigenous man on 9 January 2014 at the Barangaroo construction site in Sydney?

Mr Dillon: My understanding is that the answer is 'no'.

Senator McKENZIE: Your understanding is that the answer is 'no'?

Mr Dillon: Because the person was not employed by NCIE or Koori Job Ready. He was a previous trainee of Koori Job Ready.

Senator McKENZIE: Right. He was then placed to work in Active Labour after his pre-employment training. Is that right?

According to the ABC's 7.30, Active Labour is a company that has been reported to associate with outlaw biking gangs such as the Comancheros. Is that true?

Mr Dillon: I do not know.

Senator LUNDY: Chair, she is impugning associations, and I think it is unreasonable.

Senator McKENZIE: No, I am actually reporting on the report of the ABC's 7.30.

Senator LUNDY: Yes, but the tone of your question is impugning something when it is just speculative.

CHAIR: Order! If I heard Senator McKenzie's question correctly, she was making reference to an ABC media report.

Senator McKENZIE: How does the acquisition of Koori Job Ready relate to the ILC's function, given that, as you said earlier, it is located in Redfern—it is not on Indigenous held land? And, if there is no relation to the ILC's land management function, was the purchase contrary to the ILC's statutory remit?

Mr Dillon: There was no purchase of an asset. We took over a program.

Senator McKENZIE: With recurrent funding liabilities.

Mr Dillon: That is right. The NCIE operates from a site in Redfern. It has a broad remit to work with the Redfern community and has broad support from the community. Koori Job Ready has a location in Redfern and NCIE—

Senator McKENZIE: Yes, you have said that. My question—let me make sure you are really clear on what it is—was whether it has no relation to the ILC's function, specifically the ILC's remit with land management function. If it does not, is the decision to auspice this body therefore contrary to the ILC's statutory remit?

Mr Dillon: I have not taken legal advice on this.

Senator McKENZIE: Could you?

Mr Dillon: I would just point out that I operate out of a leased office here in Deakin. It is not Aboriginal owned land but it is within our statutory functions for me to operate out of that office. So I think—

Senator McKENZIE: You are the CEO; you are not running an employment program.

Mr Dillon: It is the same in that it is ILC operations. There has to be a link to Aboriginal land, but only a broad link, not a direct link. I think, if we did seek legal advice, we would find that there was a broad link.

Senator McKENZIE: My final question goes to an earlier question I asked Ms Carroll. Seeing that you are at the table, you might be able to clarify whether or not you are a friend, former colleague and co-author of a book—

Senator McLUCAS: Chair, that is out of order.

Senator McKENZIE: with the chairman of the MJD Foundation, Mr Westbury.

CHAIR: I think that question might have been asked of Ms Carroll earlier.

Senator McKENZIE: And they took it on notice. Seeing he is here, I thought I would ask him.

Senator McLUCAS: You are continuing this line of impugning the reputation of various persons. We have seen that before—

Senator McKENZIE: If I co-authored a book with someone and was a former colleague and friend of theirs, I would be happy to state that that was the case.

Senator McLUCAS: Well, you are talking to the CEO of the ILC in his capacity as the CEO of the ILC—

Senator McKENZIE: In your capacity—

Senator McLUCAS: You might want to ask everyone else if they have a friend as well!

CHAIR: Excuse me, Senators. Mr Dillon, in earlier evidence, the Department of the Prime Minister and Cabinet said that they would take that question on notice. Would you like to answer the question or take it on notice?

Mr Dillon: I have not taken it on notice. It is not appropriate for me to in my role as ILC CEO. If the committee gives me permission to—

Senator McKENZIE: Did you co-author a book?

Mr Dillon: answer in my personal capacity—

CHAIR: Mr Dillon, would you like to answer Senator McKenzie's question—yes or no?

Mr Dillon: Only if I can speak in my personal capacity.

CHAIR: I will take that as a no. Thank you very much, Senator McKenzie. Before—

Senator Siewert interjecting—

CHAIR: Excuse me! Before we go back to Senator McLucas, I want to get advice from Ms Carroll. The question that I heard Senator McKenzie asking with regard to the Northern Territory land council goes to the issue of the Aboriginals Benefit Account. Where is that best placed in today's program, or have we passed over it?

Ms Carroll: I think we have passed over it. Most of those questions happened in the first session.

CHAIR: My apologies, Senator McKenzie.

Ms Carroll: We will take that on notice.

Senator LUNDY: Chair, before we proceed, my colleagues are still concerned that Mr Dillon did not refuse to answer the question; he asked if he could speak in a personal capacity. Can I suggest that the committee have a brief private meeting at lunchtime to discuss this?

CHAIR: I am happy with that.

Senator LUNDY: Obviously there are concerns about the line of questioning and the way it was responded to.

CHAIR: We will have a private meeting. Senator McLucas.

Senator McLUCAS: I now want to go to the Ernst & Young review of the ILC and the IBA and some questions to the department. The minister announced a review of the ILC and the IBA in December last year and then announced that the review would be conducted by Ernst & Young. Was Ernst & Young selected through an open tender process?

Ms Edwards: Ernst & Young was selected from an existing panel of providers through the former department DEEWR, which came into PM&C. So we had access to that panel. That panel was put together through an open selection process.

Senator McLUCAS: How much will the review cost?

Ms Edwards: \$300,000.

Senator McLUCAS: Who did the department and/or the minister consult on the terms of reference for that review?

Ms Carroll: The department consulted with the minister to finalise the terms of the review.

Senator McLUCAS: Were there any changes to the terms of reference during the course of the review?

Ms Edwards: No.

Senator McLUCAS: Minister?

Senator Scullion: Not that I am aware of.

Senator McLUCAS: The review was announced in December—and they started work when?

Ms Carroll: They started work in early December, as soon as the contractual arrangements were put in place.

Senator McLUCAS: When did submissions close?

Ms Edwards: 24 January.

Senator McLUCAS: It is always important to do reviews but it is always difficult over Christmas. What was the need for the haste with this review?

Ms Carroll: We did not want the review to drag on. While it started in December, certainly the consultants met with a wide range of people and also had the process for people to put in presentations to the review. We acknowledge that that happened over December and January, but there was a process by which people could put in public submissions.

Senator McLUCAS: Are you sure there was not a change to the terms of reference?

Ms Edwards: Yes.

Senator McLUCAS: Were there requests for extensions to the deadline for making submissions to the review, given that it was over the Christmas break?

Ms Edwards: I received a couple of informal calls for extensions—the ones that I am aware of were primarily from representatives of state governments. The answer given was, 'There isn't an opportunity for extending the deadline, but send us your material anyway.'

Senator McLUCAS: Was the material sent to the department and then passed on to Ernst and Young?

Ms Edwards: The public submission process material came to an email address that was set up, departmentally auspiced, and then provided to Ernst & Young.

Senator McLUCAS: How many people made submissions?

Ms Edwards: 26.

Senator McLUCAS: To break them into categories, how many were states and territories?

Ms Edwards: Very few. We can take that on notice. We think it was perhaps a couple.

Senator McLUCAS: That is a bit of a concern. Did those states and territories that expressed a desire to receive an extension actually send anything in?

Ms Edwards: One has.

Senator McLUCAS: Of the remaining 24 submissions to the review, how can they be categorised? I do not want to know the names of the submitters, but what sorts of organisations or individuals were they?

Mr Matthews: Broadly, they were from a wide range—native title representative bodies, private individuals and interested parties. They varied quite a bit. I would not say there was a general theme.

Senator McLUCAS: Will all those submissions be made public?

Ms Edwards: That is a matter for government.

Senator McLUCAS: I asked that question in another committee the other day and the answer I was given was that, because we did not tell the people when we asked for submissions that they were going to be made public, we cannot make them public. I am a little bit concerned about this theme that is appearing. I have not heard these sorts of answers previously.

Ms Carroll: What has happened in the past, certainly when I have been involved in processes like this, is that sometimes it is very explicit up-front that people's submissions will be made public and they often go on a website in a particular amount of time. When that has not been made public, what would normally happen is that, once the government has made a decision about what it wants to do with the review document, we would contact any of the people that made a submission and ask if they were happy for their submission to be released as part of that. That would be part of a general process.

Senator McLUCAS: Minister, do you want those submissions to be public?

Ms Carroll: In this instance some of the people who put in submissions expressly asked that their submissions not be made public. That is one of the reasons we did not make them public.

Senator McLUCAS: Absolutely, if someone says they want to tell you something but not be public, you do not publish that. Minister, in general do you want the submissions to be public?

Senator Scullion: I do not think we deal with this in a different way than the government would normally consider the reports. We would obviously have to consider whether people want them to be made public, or not. Invariably, the convention of government is to respect the wishes of people who want them published and those who do not. I imagine this would be no different.

Senator McLUCAS: You usually start from a position of publishing first unless someone says do not publish. That has historically been the view.

Senator Scullion: I think that is what my answer was. I just said the convention in the past was that you have to respect the wishes of those who do not want their submission published. But I do not have any intimate knowledge of that.

Senator McLUCAS: Has the report been received yet?

Ms Carroll: Yes.

Senator McLUCAS: When was that?

Ms Carroll: 17 February.

Senator McLUCAS: Where is it now?

Ms Carroll: The department has received it. We have had a look at the report and we have recently finished a brief to the minister. I do not think it has actually landed on his desk yet, but it is on its way.

Senator McLUCAS: And then you will make a decision, Minister, about when to publish?

Ms Carroll: That would be the normal process.

Senator McLUCAS: But that decision has not yet been made?

Senator Scullion: No.

Senator McLUCAS: Has any further work in the area of the review of the ILC and the IBA been commissioned from anyone else?

Ms Carroll: No. We have not gone out to commission any work outside of that.

Senator McLUCAS: Was the ILC consulted on the terms of reference before the review was announced?

Mr Dillon: Yes.

Senator McLUCAS: The terms of reference ask reviewers to consider 'how to structure arrangements to ensure appropriate powers of ministerial direction of government control'. How does that fit with the fundamental way the ILC was established historically? Frankly, I do not really understand that. My understanding is that the ILC is an independent entity. Frankly, there should be no ministerial intervention or government control. I want you to go to what your act says.

Mr Dillon: I think that is correct. The ILC was established in 1995 following the passage of the Native Title Act. The Native Title Act said there will be a Land Fund. In 1995, legislation was introduced to establish the ILC and the Land Fund, now known as the Land Account. In essence—and this is a major concern of the ILC board—this reflected the compact, the settlement, the grand bargain that was put in place following the passage of native title. In return for the resolution of native title claims across the country—the certainty given to non-Indigenous Australians—Aboriginal people got access to a claims process under the Native Title Act. But many Aboriginal and Torres Strait Islander people have lost access to their traditional lands. The government at the time took the view that there should be an extra mechanism that in a sense provided partial compensation for the lands that had been dispossessed. There was a grand compact—the so-called social justice package.

You will find that the Land Account funds the ILC. The ILC was established with a primarily Indigenous board. The idea was that Aboriginal and Torres Strait Islander people would allocate the proceeds of the Land Account in land related ways. Land management and land acquisition were the two primary functions of the ILC. The concern shared deeply by the ILC board is that this is being placed at risk by any suggestion of an amalgamation or greater ministerial control over the operations of either the ILC or the IBA—but particularly the ILC. The ILC is unique among Commonwealth statutory corporations. It has greater independence than most, if not all, for that very reason—that it was deliberately put in place as a compensatory mechanism.

Senator Scullion: Thank you, Mr Dillon. I would like to clarify something for the record. I would not want to have any confusion over the last iteration from the witness. The terms of reference specifically set aside any consideration of the Land Account so that those concerns did not arise. The review was not to consider any aspects of the Land Account because that was absolutely sacrosanct, as the evidence indicated. But they were in the terms of reference specifically to avoid the sorts of concerns just brought up by the witness.

Senator McLUCAS: I want to understand in both a legal and a practical sense what would be the effect on the Land Account—accommodating Minister's Scullion comments just then—

Senator McKENZIE: It was not part of the review.

Senator McLUCAS: I note that—and I note what the minister said.

Senator McKENZIE: Just clarifying.

Senator McLUCAS: What would be the effect on the Land Account of an amalgamation with the IBA in a legal sense and also in a practical sense?

Senator Scullion: This is normally a question that would be seen to be speculation, an opinion. There has been a comprehensive report to deal with all these matters. Whilst the witness has already given evidence, and

certainly the ILC has given evidence, I do not think it is appropriate that we reiterate here what we are going to read in the report.

CHAIR: The minister's comments are quite insightful. If we could avoid speculation, that would be much appreciated.

Senator McLUCAS: It is not speculation. There has been commentary about the potential to amalgamate the ILC and the IBA.

CHAIR: I can only make a judgement on my interpretation of what I think I have heard. If we could steer clear of speculation, it would be much appreciated.

Senator McLUCAS: I have asked in a legal sense and in a practical sense, not a speculative sense.

CHAIR: But it is a hypothetical question, isn't it?

Senator McLUCAS: If the ILC and the IBA were to be amalgamated, what can we predict would be the complexity—

CHAIR: The speculation arises around the word 'were'.

Senator McLUCAS: No, this goes to due diligence. A government needs to think about what road they are walking down if they are going to contemplate amalgamating the ILC and the IBA. From my non-legal understanding, I am asking whether people have put their mind to the practical and legal implications in terms of the management of the Land Account—and I think that is a reasonable question.

CHAIR: Have you been asked to put your mind to the management of the Land Account?

Senator McLUCAS: If there was an amalgamation—

Senator Scullion: As I indicated earlier, certainly in terms of the context of questions about this review, the review specifically excised any questions of that nature because we wanted to embargo and quarantine the Land Account, and the mechanisms of the Land Account, from any changes that were possible. For that particular reason, we excised that. I certainly would not like the questions specifically about particular governance changes and amendments to how we went about business to be predicated on an opinion from the ILC or others.

Senator McLUCAS: Minister, if the ILC and the IBA were to be amalgamated, that would be quite legitimate. You know that there are many things that are delivered with funds from both the ILC and the IBA. The IBA will do the business end and the ILC will be doing some purchase work. I want to know how you construct an entity where the Land Fund is separate. I think that is a question we need to contemplate before we potentially go down the road of amalgamating these two entities.

Senator Scullion: That is not the question you were asking.

Ms Carroll: The terms of reference were trying to take into account the fact that the ILC and the IBA are different in their current powers et cetera and there is a range of options available. This was asking the review for some advice. It might be that the advice, and the decision of any government if there were to be a change, could be to leave things as they are or to make a change. So there is a range. The point of having it in the terms of reference was to seek some advice from Ernst & Young about the possibilities going forward, thinking about that and the consultation process that they went through. They spent an amount of time with the ILC and the IBA separately to think about, in any recommendations they brought forward, the implications and what would happen. There was a clear intent to surface that issue and understand the options going forward. As we have already indicated, we have only recently received the report and it is under consideration.

Senator McLUCAS: I will leave it at that, but I will look forward to receiving that report in the short term. I have some questions for the IBA but I will defer to others.

Proceedings suspended from 12:03 to 12:10

CHAIR: I would just like to note that the committee has had a private meeting and note that the witness did not refuse to respond to the question. The committee is keen to finalise this matter and will be in contact with the witness shortly.

Ms Carroll: Right at the beginning, Mr Dillon asked about tabling some letters for the minister. We have shown those letters to the minister. We are happy that they are tabled for the committee.

CHAIR: I call representatives of Indigenous Business Australia.

Indigenous Business Australia

[12:11]

CHAIR: I welcome Mr Chris Fry, chief executive of Indigenous Business Australia, and officers. Mr Fry, would you like to make an opening statement?

Mr Fry: No, thank you.

Senator McLUCAS: Has Indigenous Business Australia made a submission to the Ernst & Young review of IBA and ILC?

Mr Fry: The IBA made a submission to the Ernst & Young review.

Senator McLUCAS: Is that then published?

Mr Fry: It is currently on our website. It is a public document.

Senator McLUCAS: Does it canvass any concerns about potential amalgamation of ILC and IBA? Just for the record, if you could give us the flavour of your submission.

Mr Fry: The board has put forward a view. It is, in my estimation, a considered view. Us, as management, have written the review. I think it is a representation that ACLEI reflects the board and that has been signed off by the board. If I was to speak to it as I understand it, there might be five points that the board wish to get across about that review. Do you wish me to go through those?

Senator McLUCAS: Yes.

Mr Fry: In no particular priority order, the key points from the review submission by the board that I have identified: (1) the IBA board's view is that IBA continues to deliver strong results, (2) the IBA and ILC are mature organisations and have different purposes, (3) a merger would dilute the commercial focus that IBA has as its core, (4) there are only minimal savings associated with any merger and (5) the minister has already strong control over IBA through a general order power.

Senator McLUCAS: Is that called a general direction or a general order?

Mr Fry: General direction. You are correct. Thank you for that.

Senator McLUCAS: Tell me how that is exercised, because I think it is different from the ILC.

Mr Fry: If I could refer that to our general counsel.

Ms Gowans: It is a power of general direction. The minister can give a direction and that direction would be tabled before both houses of parliament. So it operates a bit like a disallowable instrument.

Senator McLUCAS: Is it often used?

Ms Gowans: It is never been used in the case of Indigenous Business Australia.

Senator McLUCAS: I have not read the act, but it is there for the minister to provide direction on a specific event or a specific issue. Give me the flavour of it.

Ms Gowans: It is not a specific power of direction, so, for example, it would not be saying, 'Do not invest in this particular investment.' It is a general power. For example, in our case it might be, 'Do not invest in the tourism industry,' which would be a general direction. A specific direction would be, 'Do not buy that business.' It has not been used in IBA's case and it is complementary to other powers of oversight that parliament has at the moment—like those under the CAC Act, general policy orders and so forth—to ensure that IBA delivers consistently with Commonwealth objectives.

Senator McLUCAS: Going to the department: is there any work currently being undertaken about IBA in terms of its structure and arrangements from the department's perspective?

Ms Carroll: Senator, as I indicated before, we are just looking at the review and looking at a response to the review.

Senator McLUCAS: To the department again: could IBA explain its home loan program and how it is going? I have heard some great stories.

Mr Fry: The IBA home loan program is established to provide home loans to Indigenous people that are otherwise unlikely to get finance from the wider banking sector. It is only available for Indigenous clients. We have a goal over our program that our clients will get into home ownership through the home repayment process, so that in time they will transfer to the full banking system. Our program has been running for many years and we have collectively done approximately 16,000 home loans over that time.

Senator McLUCAS: With the tenure changes that have been occurring in the last few years, has interest in the home loan program increased?

Mr Fry: With regard to what we call emerging markets, which is home loans on Indigenous lands, for many years these have been worked on to overcome the land tenure issues. Last year we approved three loans in what we call emerging markets—two were in the Northern Territory, one was in Queensland in Hopevale. So far this year, so for the past six months to date, we have approved 10 loans, we are currently assessing two and we have undertaken 28 visits to emerging markets across Queensland and the Northern Territory.

Senator McLUCAS: Fantastic. I know the one in Hopevale; it is a good news story. To the department: have there been any conversations in the department about the future of the IBA home loan program?

Ms Carroll: Not specifically about the future of the home loan program. Obviously we are regularly looking at programs across the suite of programs within Prime Minister and Cabinet. In regard to IBA specifically, we are obviously focusing on looking at the review at this point in time.

Senator McLUCAS: So no consideration of changes to the way the IBA home loan program will operate?

Ms Carroll: Not at the moment, Senator, but that is really a decision for government as we go forward.

Senator Scullion: If I could just assist, I think we have heard as a committee evidence over time that one of the impediments was the nature of land tenure. We have certainly had a focus on accelerating the changes to land tenure where we can. Certainly in Gunbalanya—as I said, I was in Palm Island the other day, where, while they did not access HOIL, the fact that a DOGIT was able to go from a DOGIT to a 99-year lease in Queensland shows that there is another form of land tenure, which in the past has been an impediment, which has changed. It is very much a priority for this government to ensure that we accelerate the land tenure process, because that was identified as the biggest impediment to access funds like the HOIL provides.

Senator McLUCAS: Just for the record, that was also the focus of the previous government.

Senator SESELJA: Your annual report for 2012-13 shows that the IBA had, I think, \$127 million in cash and term deposits worth \$150million. Is that correct?

Mr Fry: I will ask our chief financial officer to come forward and be quite specific on that, Senator.

Senator SESELJA: Great.

Mr Kumar: The financial statements do state that we have \$127 million in cash and cash equivalents on a consolidated basis; that is, IBA and subsidiaries included.

Senator SESELJA: And term deposits worth \$150 million; is that right?

Mr Kumar: Yes.

Senator SESELJA: Are you able to explain—that seems a lot in terms of holdings—what is the purpose of having so much in cash holdings at the moment?

Mr Kumar: One of the constituents of the cash and the cash equivalents and deposits is that in 2008 we sold a significant asset—the Foxleigh coal mine—and the proceeds of that are under the investments program, and are targeted to be reinvested into various businesses and assets, which is what the investments program does. So that accounts for a substantial part of these funds.

Senator SESELJA: At the moment you are holding a lot of it in cash. Is the plan then to convert it into other assets which will then yield revenue for the IBA to be able to deliver for Indigenous people? Is that broadly the plan?

Mr Fry: I can reply to that. At any one time our investments program may have somewhere between six and 12 investments where we are currently undertaking a form of due diligence. We have an audit and risk committee and a finance and investment committee that potential investments go through. As a consequence we need to maintain a prudent cash balance, so that if those investments are proved through the due diligence process we can actually execute them. Within the existing policy, those investments can be in the order of \$5 million to \$25 million.

Mr Viswanathan: We are certainly very active in trying to be as proactive as possible in investing as much of the surplus as is prudent. So in addition to the pipeline that Mr Fry mentioned, through our acquisitions team we are also constantly in dialogue with Aboriginal and Torres Strait Islander organisations and private sector partners about investment opportunities.

Senator SESELJA: Question on notice number 185—the response from previous estimates: you said, I think, that \$40,712 was spent on taxis between 7 September 2013 and 9 December 2013. That is a pretty high figure in a couple of months; is there a reason why so much was spent on taxis in a couple of months?

Mr Fry: Within the broader context: we have ongoing monthly oversight on our travel expenses, including taxis. Within the last two financial years taxis have been one of the operating overheads. We have also been able to drive down our overheads as a percentage of total costs from 28 per cent to 21.9 per cent currently, as at the end of the last financial year. I can assure you that cost control, particularly in overheads, is an area that we focus on at the executive on a monthly basis, and throughout the programs.

We do have a range of clients right across the country and as a consequence our footprint is very broad. We make decisions on whether it is best to use taxis as opposed to hiring a car on the day when, for example, visiting our Cairns office.

Senator SESELJA: Is that an indicative number or a high number for a period of a couple of months? How does that compare to the rest of the year, or recent years?

Mr Fry: We may need to take that on notice and look at how it compares with the previous 12 months. It is at a level of detail that I just do not have at my fingertips at the moment.

Senator SESELJA: You say you are making decisions—what is the decision in the Cairns office? Is that a decision between taxis and a hire car?

Mr Fry: For example, I recently went to Cooktown and then went off to Hopevale. That was a visit last month. In that circumstance we did the analysis and it was financially more beneficial—more prudent—to hire a car for the day as opposed to taking a taxi. We have a team of 235 people across the nation in 17 offices, and as a consequence our people are out there and we are making the call on which is the best way to do it.

Senator SESELJA: How many of those 235 would be regularly using taxis? Is it a small proportion or is it most staff?

Mr Fry: Broadly speaking, about 50 per cent of our total workforce is working out in the regions but we have people from our national office travelling out and vice versa—our regional staff coming in for special events. So I am not trying to avoid the question; I just do not have the level of detail at my fingertips to be able to answer you specifically.

Senator SESELJA: Perhaps you could take that on notice.

Mr Fry: We will take it on notice.

Senator SESELJA: Thank you. I understand the IBA funded a major upgrade at the Tjapukai Aboriginal Cultural Park in Cairns. How much is the cost of the upgrade?

Mr Fry: I might defer to our chief operating officer, who has oversight of this particular aspect.

Mr Bator: The IBA board undertook a redevelopment of Tjapukai and it made a decision that it would put roughly \$12 million into that redevelopment, and that redevelopment is based on bringing that resort or park, which has been in existence since 1995, into a more current state so that it can continue to attract larger numbers of tourists. At the moment we have spent in our early works program, which is an external program, about \$1.1 million and we have spent a further \$3 million in the total project thus far. The project has been awarded to a company up there in Cairns which has a large Indigenous force, and out of that they have also put out a tender which was awarded to a local Aboriginal company for air conditioning and other services to that. The redevelopment is really around trying to ensure as much Indigenous employment as possible.

Senator SESELJA: What is the value of Tjapukai?

Mr Bator: The current valuation of Tjapukai is based on the land value and the alternative use, which is around \$1.4 million. That valuation, I would have to say, is based on an alternative use and is primarily based on land because there are not too many other comparators that we can use, so at the moment that is the most effective measure that we can use.

Senator SESELJA: Are you able to provide a summary of the overall financial situation of the cultural park?

Mr Bator: In terms of its current trading?

Senator SESELJA: Yes.

Mr Bator: Its current trading would suggest that we have had an increase in the number of visitors to that. Our budget for this year was for around 80,000 park entries for the full year and we are well on our way to achieving that. The clientele we are having are largely from Chinese background and therefore the spend is lower than we would have anticipated, but certainly from the point of view of members and visitors to the park we are ahead of budget.

Senator SESELJA: So the IBA is effectively running the park? Is that right?

Mr Bator: No.

Mr Viswanathan: I might answer that.

Senator SESELJA: You just referred to it as 'we', so I was not quite sure.

Mr Viswanathan: IBA is the ultimate beneficial owner of the park but we have in place a subsidiary that is responsible for overseeing the day-to-day management of the park, which has its own board. Reporting to that subsidiary there is a management structure within the business which includes all the standard management functions one would associate with that type of business.

Senator SESELJA: I have been made aware that some of the local Indigenous people have some concerns at the direction it is going. I will just put some of those to you and you can respond or others can respond. I understand that some of the local Indigenous community are complaining that they are not being consulted and that the original concept for the cultural park of showcasing local Indigenous culture has been abandoned. Are you able to respond to that?

Mr Fry: Senator, I will respond to that if I may, but I may call on some of my colleagues who are closer to it. As outlined by my colleague, we have an independent company that is running the day-to-day management. We have oversight through boards that we have established to make sure that proper strategic directions and the management of the company is carried out. As part of that, there is a cultural committee combining of management, some external people, and also the deputy chair of one of the local Indigenous organisations, Djabugay. Their role is to work together under a formal agreement that has been in place for many years to develop cultural content and how that is delivered. IBA continues to work within that framework in the local community. My understanding is that the committee, which included the local Djabugay representative, who is deputy chair, signed off and accepted the local content, approximately six or seven months ago. There is ongoing monthly engagement, as I understand it, between the senior management of Tjapukai and the Djabugay people to make sure that continues. The chair of IBA and I met with the Djabugay approximately three weeks ago. We have another meeting with them on 19 March. We acknowledge continued dialogue is a positive thing and some finetuning from time to time is required.

Senator SESELJA: Have you had any of these concerns put to you?

Mr Fry: We have received a letter from Djabugay outlining that they would like further discussions and that they have some concerns. Those discussions were held at the last meeting with the chair and me. We have continued to make progress, and we have made some commitments that we would return and continue to work through it.

Senator SESELJA: What are some of the concerns that have been raised?

Mr Fry: Broadly speaking, Senator, it is in regard to two aspects. The first aspect is that, when local traditional dance is put forward, Djabugay are keen it is acknowledged at the start of the performance that this is Djabugay cultural importance and that the people who are not of Djabugay and Tjapukai who are performing the dance acknowledge that it is a Djabugay-Tjapukai dance and they are not from that particular group. We accept that and believe that cultural integrity is very important.

The second aspect is the introduction of a wider showcase of Indigenous culture through other exhibitions and dance, which may include Torres Strait, because there is a significant Torres Strait community up there. Again, this process of how that has been introduced has gone through the cultural committee and has been signed off by those members.

Senator SESELJA: There are some other concerns that I am aware of, and I am interested to know whether you are aware of them. Cultural insensitivity, I suppose, is touched on in your answer and is one of the concerns about management toward local employees. There is also bullying, threatening tactics, and sexual and verbal harassment. I do not know the strength of any of these allegations, but I am aware that they exist. I am interested in whether anything like that has been put to you and whether you have any response.

Mr Fry: Can I defer that to the Chief Operating Officer

Senator SESELJA: Sure.

Mr Bator: We have received no formal complaints. I think one of the important things—

Senator SESELJA: Just before you continue: a formal complaint is one thing, but have any of these issues been raised in any way?

Mr Bator: I just want to go through the process there. The Tjapukai have a staff handbook. They also have an agency agreement, which has very specific responsibilities, roles and conduct around the notification of any misconduct or any grievance. Those are well understood, and that is part of the induction process. We have a highly skilled HR manager there, and she is available and is part of the process to ensure that people can bring

grievances forward. We are also aware that part of the agency agreement there was to bring salaries and conditions up to award conditions. The other part of it was that, in return for an increase in salary and conditions, there were going to be some productivity improvements. Part of that productivity agenda was that people would be multiskilled. Of course that change process does create stress for some people. We are aware that there have been some concerns about that work change process and the matters that come from that.

In terms of any particular grievances, we are aware that there are some allegations. As our general manager for investments has pointed out, Tjapukai is a separately run enterprise and has its own board. That board receives reports every month on any formal grievances, injuries or other matter that are coming to it and it has told me that it has not received any formal complaints.

Senator SESELJA: So there are no formal complaints, but you are aware of some of those broader issues being raised with management. Is that a fair assessment? Even though they have not lodged a formal complaint, these concerns have been communicated to management in some way.

Mr Bator: Yes, and management are working through them to ensure that people understand the formal processes that are available to them. Of course before we get to anything like that we try to make sure that we all understand the roles and responsibilities. As I said, we have an experienced HR manager and experienced CEO there, and they constantly look for those things and work to improve management styles and the understanding of the work changes that are necessary to achieve the productivity improvements that we want from Tjapukai.

Senator SESELJA: Do you believe there is anything in those allegations or do you think they are just grievances of disaffected staff?

Mr Bator: I think it is really important not to speculate on whether they are real or not; they are only allegations. We have formal processes—

Senator SESELJA: So what is the process now? Is there any process now, or is there no formal process because there is no formal complain?

Mr Bator: Unless there is a formal complaint, there is just an allegation.

Senator SESELJA: Given that you are aware of concerns, are you doing anything proactive to try and get to the bottom of it to see if there are any cultural or management issues that are of concern?

Mr Bator: As Mr Fry has pointed out regarding the issues you referred to about authenticity and respect for the dance, the IBA chair and CEO have been up there. They are going to visit there again—Mr Fry can talk about that—but they are certainly alive to those issues that have been formally written about to us.

Mr Fry: Senator, if I could provide some further context? I think you might be referring to one issue and, if that is the case, I have spoken to the family myself, but not to the staff member because, at this stage, the staff member has not made a complaint as we understand it. I have encouraged that family member that we take complaints of any nature very seriously and would therefore like to engage in the formal process so that we can investigate it. I understand that in the last number of days a letter has gone from the management running the operation of Tjapukai to the individual staff member expressly putting that in writing and has been delivered to her home.

Senator SESELJA: Who has the letter gone to?

Mr Fry: To the staff member.

Senator SESELJA: Setting out the process?

Mr Fry: No, encouraging the staff member that, if there are any concerns, we start to—

Senator SESELJA: Go through a formal process.

Mr Fry: Yes, and engage in a discussion of what they may be so that we can start investigating if there is anything there and try and work it through.

Senator McLUCAS: Can I interpose at this point?

CHAIR: I would prefer to let Senator Seselja continue—

Senator McLUCAS: It is about Senator Seselja's questions.

CHAIR: and then invite you to come back at the end of his questioning on this particular section.

Senator McLUCAS: Can I urge care, please?

Senator SESELJA: Certainly. This is on a different issue: what is Indigenous Business Australia's involvement with the Lhere Artepe Aboriginal Corporation?

Mr Fry: Just for clarity, is this in relation to Lhere Artepe out of Alice Springs?

Senator SESELJA: I believe so. I am told it is pronounced 'lara tippa'; it is spelt quite differently.

Mr Fry: That is okay, I was just asking for clarity to make sure I am responding appropriately.

Senator McLUCAS: A bit like Seselja really.

Senator SESELJA: Seselja is quite phonetic.

Senator McLUCAS: Not when Senator Fifield says it!

Mr Fry: There are several structures and different companies within the group, so, if you allow me, I will respond in the general more than in the specific for this particular answer.

Senator SESELJA: Sure.

Mr Fry: We have a relationship through a business loan with one of the entities of Lhere Artepe.

Senator SESELJA: So the extent of the relationship is a business loan with an entity of Lhere Artepe?

Mr Fry: That is my understanding.

Senator SESELJA: What is the size of that loan and the nature of that arrangement?

Mr Fry: Within the ATSI legislation, I am not at liberty to divulge information of that nature, but it is relation to, if I speak more broadly, helping fund three supermarkets in Alice Springs.

Senator SESELJA: So it is for three supermarkets. Are you aware that the former CEO of Lhere Artepe Aboriginal Corporation entered into an agreement to purchase what I think was an almost insolvent civil engineering company?

Mr Fry: I have seen some material around that. I have not investigated that particular aspect, but I am aware that there has been some commentary around that from some members of the local community. I would not like to make comment beyond that because I have not seen the forensic evidence to make a call on it.

Senator SESELJA: Is there a reason that has not been investigated?

Mr Bator: We do not investigate clients. We have a loan out with them for supermarkets. Other activities that other people who might be involved with them are those other people's activities.

Mr Fry: I suppose what I am trying to say is that it may have been investigated by third parties not related to the loan.

Senator SESELJA: So is there no further obligation when you issue these loans if there are concerns about the financial situation of the entity that you are loaning the money to?

Mr Fry: No. I would say that we do due diligence in each and every instance on the financial standing of the applicant of the loan. The due diligence includes getting context and background so that we understand how the position arose and what the challenges and issues are for that particular business. That goes into the matrix of issues that we look at to decide whether we approve or decline a loan.

Senator SESELJA: Are the loans for the supermarkets the bulk of the money that is needed or are they only one part? I understand that there was also a Commonwealth grant for these supermarkets. Is that correct?

Mr Fry: I would need to take that on notice. Unfortunately, I do not approve the overall loans myself and get to that level of detail, but we can come back to you after we have had an investigation if it is of material interest.

Senator SESELJA: Are there liquor stores associated with the supermarkets in question?

Mr Fry: Yes, there are liquor outlets, as I understand it, associated with the supermarkets. I think they are IGA supermarkets. In relation to your further inquiry, my understanding is that the issue you raised has been mentioned with a previous CEO of Lhere Artepe. My understanding is that that occurred well before our involvement with the business loan to the supermarkets.

Senator SESELJA: Are you aware of Lhere Artepe's current financial situation?

Mr Fry: In a broad sense I would say that I have some oversight, but I would need to take the specifics on notice. I cannot recall, for example, the trading figures and where they are sitting at.

Senator SESELJA: In a broad sense are you able to, without giving all the detail of the trading figures, say whether it is in good financial health or not?

Mr Fry: My understanding is that it continues to trade profitably.

Mr Viswanathan: If I could just add that, as with any prudent investor, in both our investments area and our enterprises area, which deals with business loans, there are detailed processes in place for ongoing management and review of those investments or loans. So in addition to the due diligence that happens upfront, there is a lot of

work that goes on regularly thereafter which includes ongoing visibility and monitoring of those investee companies or borrowers.

Senator SESELJA: Is there any concern or danger here that there is going to be a loss to the IBA? Are you satisfied that this is a loan that will be able to be repaid, or do you have concerns around that?

Mr Fry: Again, I am not across the individual loan in detail, but my understanding is that the company we are lending to continues to trade profitably and continues to meet our interest payment.

Senator SESELJA: There is one other aspect, and I am not sure if you will be able to answer it, but we will see, because there are few elements to it. I understand that the former CEO negotiated a loan of \$3.5 million with a finance company and then attempted to reduce the loan by selling blocks from the company's Mount Johns residential real estate development. Are you aware of those transactions?

Mr Fry: Again, this occurred before we got involved with the supermarkets. I am aware that there is another entity with Lhere Artepe which is involved in a subdivision. I believe that subdivision blocks continue to be sold. I would not like to make comment as to the initial scope of where that subdivision was, the number of blocks and so forth, but I understand that the subdivision has been completed and blocks continue to be sold. In fact, I had a look at one of the blocks the last time I was in Alice Springs to understand the wider group interests. They seem to be well marketed and in a good location. It is a new subdivision of significant homes.

Senator SESELJA: Maybe you could check some of the detail you are not able to comment on now and take on notice whether or not you have any further detail on that.

Mr Fry: Certainly.

CHAIR: Just before we suspend for lunch, I seek senators' agreement that correspondence between the Indigenous Land Council and the minister be tabled. That is agreed. We will suspend now until 1.30 pm, when we will move onto education and employment.

Proceedings suspended from 12:47 to 13:31

CHAIR: I welcome back officers of the Department of Prime Minister and Cabinet for the session on education and employment. Senator PERIS.

Senator PERIS: Thank you, Chair. This question is for the minister. Just recently the Prime Minister outlined a new Closing the Gap target in relation to school attendance. Truancy officers aside, are you concerned that the cuts to teachers in remote schools are going to be counterproductive to achieving your target?

Senator Scullion: I am assuming this is in regard to the Northern Territory.

Senator PERIS: Yes.

Senator Scullion: The matter for teachers are entirely a matter for the Northern Territory government. I note that there has been a threat of industrial action, I think on next Tuesday. There has been some media about the effects of kids turning up at school. All I can say is to reiterate that I have had a personal assurance from every Premier and the Northern Territory Chief Minister that, when the children turn up at school, there will be the level of amenity that is expected by mainstream, whatever that number is—I think there is a particular number of children per teacher. I have said that when these kids turn up at school it is the responsibility of the jurisdiction to ensure that they have a first-class education.

Senator PERIS: You say you have spoken to Mr Giles, but you have not written to any of the state and territory ministers responsible, asking them to increase teaching positions?

Senator Scullion: No, I have not had any indications from those jurisdictions that there is necessarily a demand for increased teacher numbers. We have heard about the nature of the behaviour. I have read media articles about that but I have not had any submission from a state or territory about teacher numbers. I think this has been an assertion by the union recently. I do not think it has been about the numbers; it has been about the behaviour of the new attendees.

Senator PERIS: I have been to a number of communities where they are concerned that they have a number of students now coming to school because of the truancy officers. If schools are going to be writing to you saying they cannot handle the intake of kids because we have had cuts to teacher numbers, is that something you would take very seriously in terms of approaching the Northern Territory government to look at these issues?

Senator Scullion: The education is entirely a matter for the Northern Territory government or the other jurisdictions. If a school has a challenge with the number of students against their number of teachers then that is a matter for the Northern Territory government. But, certainly, if the Northern Territory government gets in touch with me about these matters I will deal with those areas as they come to bear.

Senator PERIS: Okay, thank you. Are you concerned that state and territory governments may use the provision of truancy officers as an excuse to cut their own funded positions—and, if so, have you sought their formal agreement that this will not occur?

Senator Scullion: I would have to check on the formality of the agreement. I have had conversations with each of the jurisdictions under which this program is being rolled out and I have assurances—verbal assurances, which I take as a given—that this process with the truancy officers will be in addition to. I have to say I have been pretty satisfied as I have moved around the country. In Queensland there are truancy officers who are working alongside Commonwealth school attendance officers and there are some arrangements about how they interact, so there is no visibility about them moving out of the space. As I said, I have certainly had discussions and have received assurances that our truancy system will not simply see the existing truancy system walk away. Our truancy system is to work alongside the existing truancy provisions. Certainly, I know that is the case in Western Australia, the Northern Territory and Queensland—there have been no indications that truancy provisions by the state and Territory jurisdictions have moved away. But I have not had any specific indication that that is the case.

Senator PERIS: Will the Commonwealth give priority to teachers or teaching assistants who have been sacked by the state or territory governments for truancy officer positions?

Senator Scullion: The truancy officers have been recruited or have been identified and are still going through the last of the checks. There are provisions of course that they have to be Aboriginal people and they have to be from the community. If teachers meet those requirements then no doubt they will be considered. But I suspect we have fully recruited and, even if they are not working at the moment, there is a natural person waiting for an approval—for example, for a working with kids certificate or whatever the approval process is—before they are engaged. So we do not have a particular number of jobs available; we have identified the full number—428, I think, but I could be corrected on that. The indications are that the full number have been recruited or are in the pipeline and are just awaiting approval—and they are all natural persons.

Senator PERIS: Do you identify people or is there a process under which they can apply to be a truancy officer?

Ms Carroll: Senator, perhaps we can explain a little bit about what happens on the ground with the school attendance officers.

Senator PERIS: Yes, thank you. That was to be one of my questions: can you describe the roles and responsibilities of a truancy officer.

Ms Carroll: In each of the communities there are school attendance supervisors as well as school attendance officers. The idea is that the school attendance supervisors, obviously, supervise the work of the school attendance officers. We have a contract with an organisation in that local community who do that recruitment of the school attendance supervisors and the school attendance officers. They work through the processes, making sure the people have working-with-children checks, have done whatever training might be needed et cetera, and also meeting the framework that the department has put around that such as that they are local Aboriginal or Torres Strait Islander people et cetera.

Senator PERIS: Am I able to obtain the selection criteria? You have stated that truancy officers will be local—which is great because outsiders, as we well know, do not have the confidence and engagement with communities. However, I know—and you would probably agree, Minister—that there are also many local people who lack the authority to do stuff, and that is evident in a lot of situations in remote communities. So can you table the selection criteria in relation to the sustainability of truancy officers?

Ms Hosking: Senator, the agreements that address what we are trying to achieve in each community are largely contained in the funding agreement with the provider who is doing the employment. The actual process will be tailored to each community. They work very closely. There is not a single set, as I understand it, of selection criteria that would be applied in all circumstances; it is tailored very much as a community discussion—looking particularly for people in the supervisor role who have local cultural authority and can definitely provide the leadership and direction to the school attendance officers, many of whom will be people who, for example, were RJCP participants and did not have a lot of history of formal employment but still have the potential and cultural authority to perform that role.

Ms Carroll: If I can just add: the way the model is designed—and this goes a little bit to your previous question to the minister about, for example, staff who may already be on the ground employed by the Northern Territory government et cetera—is such that, in each community, exactly what the school attendance officers do is slightly different and depends on what other people in that community already do. So, if there is already a breakfast program that operates through the Northern Territory government, the school attendance officers may

not operate the breakfast program—because it already exists—but they may do something else. So that is the tailoring at the local level. But there are a broad range of activities that we could provide you that go to the breadth of activities that school attendance officers undertake. They range from walking around the community, to driving the bus, to breakfast programs and to different kinds of things. But we could give you the broad list, if that would be helpful.

Senator PERIS: Yes. So will you also be investing in transportation as well—for example, if a community needs a troopie or a bus? I know that recently in Alice Springs there was a town camp that had their bus service taken off them.

Ms Hosking: Yes, depending on the need of the community that is definitely the case—we have money to fill in whatever gaps in support are required in the communities. In some communities that has been a bus; already in some communities a bus has been leased or other arrangements put in place to provide transport and back-up. In other communities it may be uniforms, it may be school lunches and breakfasts that are the gap. The role of the school attendance supervisor working with the officers is really to identify what those gaps are, and there have been resources and support allocated as part of the strategy to fill the gaps.

Not every community needs a new bus—many already have a bus—so in those cases that would not be a requirement, but in other cases a school bus has been exactly what has been identified and we are working with the communities on that.

Senator SIEWERT: Can I just ask on that note: how much money is available for that?

Ms Hosking: Basically, the total cost of the strategy, as you know, is \$28.4 million over two years. We are working on the basis of incidental funding based on an average of around \$180 of assistance per child. That is to cover a range of things, whether it be uniforms, breakfast, lunches et cetera. On top of that we have approximately \$72,000 per community for needs such as buses and office accommodation.

Senator SIEWERT: So there is the money that is paying the officers, there is \$180 per child and then there is \$72,000 per community.

Ms Hosking: Yes.

Senator SIEWERT: Thank you.

Senator PERIS: Minister Scullion, following on from what you said before: because the truancy officers will be dealing with children, I assume that they would be compliant with the Northern Territory legislation and they would require an Ochre card?

Senator Scullion: That is correct.

Senator SIEWERT: Is that the same in WA?

Senator Scullion: It is called something different.

Ms Carroll: Senator, in every state they have to comply with the working-with-children checks—whatever is required in each state or territory. The minister talked earlier about having people in the pipeline. One of the things about the people in the pipeline is that some of those are going through that process of getting working-with-children checks et cetera. In some states or territories people can actually start work—they can get an exemption period while the formal processes are going. That does not exist in every state and territory but we are complying with whatever is required.

Senator PERIS: So they will have an Ochre Card before they start?

Ms Carroll: Yes.

Senator PERIS: Okay. Can you describe the roles and responsibilities of a truancy officer when confronted with a child or family who is not compliant with a direction to attend schools.

Senator Scullion: I will just say that these are school attendance officers, and that is what they like to be called. They have requested that. So that we are not mistaking, for example 'truancy officers' with the state and territory organisations. This particular program refers to 'school attendance officers'.

Senator PERIS: Okay.

Ms Hosking: And, Senator, if I might add, following from what the minister said: the school attendance supervising officers are very much focusing on providing support in the community and providing support to getting to school, as distinct from the state truancy officers, who would actually be dealing with compliance around the state based truancy legislation.

Senator PERIS: So they would have set powers that they work under? Is it like before school, during school and then after school?

Ms Hosking: It would depend on the needs of each community, but that is right. In many of the communities there is a big focus on the first couple of hours of each morning in terms of getting kids to school. The school attendance officers are generally employed on a part-time basis, with an average of around 15 hours a week—some more, some less. It would be agreed as to when is the appropriate time in the day where the support in the community is needed to ensure school attendance.

Senator PERIS: Can you provide details of how many school attendance officers have been employed to date and where they are?

Ms Hosking: They are in each of the 40 communities. I will get you the most up-to-date numbers—they obviously go up every day.

Ms Carroll: I will get you the numbers. One of the things is that we are confirming the numbers every day. As I indicated before, there is the pipeline that the minister mentioned—so, as the working-with-children checks come in, more officers get added in a formal sense. But we can get you the numbers.

Senator Scullion: One of the processes we are alert to is that we are losing a few. I have to say I am quite happy to lose them to the department of education. We lost three in Palm Island, who are now fully employed by the department of education. I guess our vision of this is as a bit of an incubator, when people are engaged. People can say, 'This is fantastic: we have looked to engage people and these people are engaging very well.' So other organisations see an opportunity to employ them. So we have backfilled those positions.

Senator McLUCAS: Just in terms of the numbers—

Ms Hosking: The numbers have gone up slightly since the minister announced the numbers the other day. There are now 326 supervisors and officers directly engaged in activities and another 105 in the pipeline. The pipeline is always a bit bigger than the total number because we need to have more people in that because of movement and people who may not pass all the check and so forth. But those are the current numbers.

Senator McLUCAS: Can I just get on notice the locations, the organisations that have been contracted to manage the program at each location, the number of school attendance supervisors at each location, the number of school attendance officers at each location and the activities that you were describing that may be different at different locations. Thank you.

Senator PERIS: I am not too sure whether you answered this question before. How are these positions advertised?

Mr Fordham: The process around selection is essentially that most of them are coming off the participant list, so they are RJCP participants coming into full-time or part-time work. They have gone through the recruitment processes that they have chosen themselves. We have encouraged in most cases that they work closely with the schools and with community panels and, if there have them, school councils and education consultative groups be involved. Again, that varies from community to community as to how they want to run that process, but we have made sure it is as transparent as possible.

Senator PERIS: What sort of training do they have prior to engagement?

Mr Fordham: There is a training package that has been put together for them. The basic induction package is really just around the basic OH&S and a student attendance officer package that we put together depending on what job they want to do in that community and how they are going to roll it out. If they are running a breakfast club, that is a very different sort of training package to the person who is driving the bus and so on. So it does vary a bit as to what they are doing but the basics are OH&S, child safety training; we are doing some courses at the moment in the APY Lands, for example, around behavioural issues—in partnership with the education department in South Australia. Again, that varies from state to state. The education departments have been pretty cooperative around this stuff and they are having a say in that training as well.

Ms Hosking: And we do provide information for providers both on what is compulsory in terms of the required induction training and on optional induction training—for example, a drivers licence if you are driving a bus. And there are some optional additions depending on the nature of the role, which can lead to accredited certified training.

Senator PERIS: Okay. So the job service provider for RJCP are the people. Is that what you said?

Ms Carroll: In most but not all communities. When we give the list of the schools and who is the provider we can give you the providers and we can identify on that list which are the RJCP providers of that community, if you like.

Senator PERIS: If you could. Recently I attended a couple of communities where there were five teachers aides who had their jobs cut because of the cuts to teachers right across the Northern Territory. The principal

basically said that there were two officers, one being a senior Aboriginal man who had been at the school for 25-plus years. His hours went from 8.30 to 3.30 down to 8.30 to 11.30. So the school had to use their additional resources to top his wage up because they cannot afford to lose a person like this. This school does not have a truancy problem—their attendance is up around 90 per cent. Could he then go to the RJCP provider and apply for one of these positions so that the school does not lose its resources?

Ms Carroll: If it is a community that has the Remote School Attendance Strategy he certainly could go to the provider. As I think the minister mentioned, we are hoping that people will move through and get other jobs in the community; but it will be dependant on what that flow looks like as to how quickly a person could be picked up in a role.

Senator Scullion: Could I just say more generally on recruitment: we have relied very much, as you would be aware, on the community to make much of that selection because they have indicated to us that they are best placed to know those people who would have that degree in Gunbalanya—they know everything. So we were guided very much by who the community thought were the best people with the spread of knowledge to make sure that they knew that particular part of town or they were involved in that faction. So we were relied very much on the community to provide advice about the selection as well.

Senator PERIS: Yes. I do not have any more questions on school attendance.

Senator SIEWERT: I do. Sorry, I was a couple of minutes late so, if you answered this before, I will go and read the *Hansard*. There have been reports that, in relation to the additional number of children who are going to some of the schools, they are not used to attending school and they are a number of years behind their age cohort. What is being done in terms of the provision of additional resources? Do you have (a) reports about where that is occurring and (b) whether there is the physical provision of infrastructure but also support for those children.

Ms Carroll: I think some of this was covered before you came in. Essentially, because the number of teachers and all of those things are state and territory responsibilities, if we hear things on the ground—and people are out there every day—we have discussions and would immediately take things up with the state or territory government if we hear about issues that might be occurring. Whether they are behavioural issues, teacher issues or whatever, we pass that through to the state or territory government very quickly. There have been good relationships developed through this process because, obviously, even though the supervising school attendance officers are technically working outside the school, they are working with the principal of that school and we are feeding that information through as much as possible.

Senator SIEWERT: How many reports have you had about those issues? I am not talking now about desks and space and those sorts of things

I am talking about the impacts it is having on the school community and the provision of additional support for those children that need catch-up.

Mr Fordham: Other than what you have probably read in the media, there have been a couple of instances of people on the ground that have been giving us those reports. We do have pretty close relationships with the education department, so we are trying to keep across the issues as much as possible. They range from anecdotal—I think quite good—instances where some of our people have been bailed up in local car parks by people saying, 'There are all these extra kids going to the local school, and what are you doing about it?' to some issues that have been raised by teachers and so on. So we are trying to work closely with the departments to deal with it.

Senator SIEWERT: So how many—

Mr Fordham: In terms of your numbers you are talking two or three, so it is not many at all.

Senator SIEWERT: Rather than relying on reports, are you actively engaging with the schools to find out in a more systematic way how that is going?

Mr Fordham: Yes, we are, absolutely. That is at least weekly at an officer-to-officer level, but to be honest with you it is probably almost daily that we would be in touch.

Senator SIEWERT: I understand you already have the attendance figures, but could you provide the committee with information about what surveys have been undertaken to identify how many children are there below their age group—for example, kids that should have been in grade 3 having to be in grade 1. Do you have an accurate understanding of all the children that are attending and what grade they are entering?

Ms Carroll: One of the really clear things we have been doing is a clear separation, so issues like the ones you are raising are things for the principal and for the state or territory government. I understand the issue that we have encouraged these children to come to school through the school attendance supervisors and school

attendance officers, but we have been working, and we obviously hear about things but at the end of the day we do not get those. The states would not give us that regular reporting, and that is between the principal and the teachers or the principal and the state government. So the state governments are still responsible for what is going on inside the school and how they manage the education levels.

Senator SIEWERT: In theory the states are still clearly responsible for attendance, so is just getting bums on seats all you are trying to do? That is not what education is.

Senator Scullion: I have iterated publicly a number of times, and I am happy to do so again, that our motivation is not just to get kids to school; it is to get them education. I appreciate your comment on that.

Senator SIEWERT: Why not follow through?

Senator Scullion: I do not accept that we are not. First of all, in terms of the funding, the states are paid on a formula that fundamentally involves the enrolment, so we are certainly not up at that enrolment level. I think they would all acknowledge that there is a sufficient capacity within that to deal with the number of kids they are actually being paid to educate.

The second part of your question is an important area: how are we connecting with the education system to go and work things out? We are not a department of education, but we think it is absolutely essential that we receive concise advice on the matter, so we have engaged Chris Sarra, a very respected person in Indigenous education, to act as a go-between.

Senator SIEWERT: I know him.

Senator Scullion: He will be talking to and mentoring the principals through these issues and being able to become a communicator between the principals of these particular schools and us. If you like, he will be able to translate the needs and those particular matters. If I think that the states really are not doing the right thing, from my perspective it is important that I will be talking directly to that jurisdiction about those particular challenges. So that is what we have done thus far. It has not been going particularly long, but that is what we have put in place to ensure that we can have that feedback and respond to it.

Senator SIEWERT: But don't we need an understanding of the size of the issue? It may be that there are only a few kids who are behind, but I suspect not. So don't you need an understanding of the size of that cohort of children that are significantly behind their year group?

Ms Carroll: I think that the key is that we are in regular contact with the education department. As Mr Fordham said, we hear anecdotally from the parents as well as teachers, principals et cetera. But it has only been going a few weeks and we are in regular contact with the state or territory education departments as well. We certainly want to understand those issues that you described—how many children are turning up, do they have the sorts of education levels to go into the right class and all of those things. We certainly want to understand what those issues are.

Separate to this particular strategy is the broader COAG strategy which was announced out of COAG last year. State and territory governments have all agreed to look at school attendance and school attainment and to work with the Commonwealth in helping to understand what works and what does not work. So as well as the Chris Sarra process there is also a broader COAG process about understanding that. But for these particular 40 schools, we certainly will be interested in understanding the issues and looking at what we can do about them over time. It is one of those things that are new, and so we are seeing the issues as they come up and then working with them.

Senator Scullion: I just make the point that we inherited something across government that we know the NAPLAN tests are telling us: that so many of these children are well behind anyway. The new cohort of people coming to school might be slightly further behind, but I think we could reasonably say that there are an awful lot of children existing in the system now who have been very challenged.

I know people have their different interpretations of the NAPLAN tests. Certainly, I give them sufficient credibility to say that the results are appalling. This may be because of the episodic nature of attendance. Some may attend some of the time, but we know that it is about getting them to attend regularly enough to actually get an education. That is the important factor. So we are not only capturing people who have not been there, but we are ensuring that those people who are attending occasionally start to get into the culture of attending regularly enough to get an education, and for that to be normal. No excuses, no choices: every day you have to go to school.

I do not think that this is the only demographic of kids who are behind. I think the entire demographic in most of these schools that have such low attendance rates were that way beforehand. But certainly, we will be working with the schools and taking their advice, and ensuring that the jurisdictions that are responsible make sure that they are held to account.

Senator SIEWERT: Thank you for that. I have one more question around it. As you know, I take a particularly keen interest in the hearing of the younger cohorts of Aboriginal children going to school. Is there any feedback about, or process to look at, that new cohort of kids going into school and identifying whether they have any hearing problems? I would like them all to be identified overall. But, as you know, there is some evidence that children with hearing problems are not attending school, or having trouble in school, so they are a particular cohort. On top of everything that you just said, is there anything in place to address that particular issue?

Senator Scullion: I will get pulled up if I am incorrect, but I suspect not. But it is a great suggestion. We will try to sort through that and I will report back to the committee out of session to see what more we can do about that in terms of hearing tests and making sure that they get access to the audiologists and the sort of support systems that are available. Thank you for that suggestion.

Senator PERIS: I have one more question. I have just seen a press release that came through with regard to the teachers in the Northern Territory, who are striking on Tuesday. The headline says, 'Territory teachers to strike as student number pressure builds in remote areas schools':

Northern Territory teachers say they are being put under pressure by new truancy officers bringing more students in to remote schools.

I agree that getting kids to school is fantastic, as is addressing the issues of these young kids who are so far behind. But you have to agree that unless the schools have adequate resources and teaching we are not going to address the issue. Would you now put pressure on the Northern Territory to look at what is happening currently?

Senator Scullion: First of all, it is a matter for the union; if they seek to withdraw teachers from the education of children on Tuesday, that is a matter for them. I have to say that I have visited, as you have, a number of schools. The issue that has been put to me is there has been some difficulty with individual children and the nature of the demographic, and we have talked about some of those things today. But an issue that has not been put to me is that the numbers are somehow too large for teachers to cope with. There was one example where there were two kids beyond what they considered was the limit for kids in the classroom, and we did something there because it was on the day. Apart from that, we have had no feedback from that at all.

In that particular media release, the union spokesman said that not all teachers have the capacity to deal with this sort of matter. He did not have confidence in the teachers having the capacity to do what I and everybody else would think is a normal thing to do. I do not think that is a particularly good reflection on teachers, but it is certainly not what I have heard from teachers. I have not met a teacher yet who does not think that this is a good program. They have reflected and provided advice about some of the support they needed, particularly with behaviour, but thus far that is not the case. I was actually at a school the other day where, out of 130 children, 15 were attending—it had the full complement of teachers, of course. I think it is indeed a matter for the unions if they think the teachers are being over-taxed, but that is not something I have heard from the teachers. I would have to say, considering the difficulties of the children, I have been so impressed by the quality of the teachers and their determination to ensure that these kids get an education.

Senator McLUCAS: I want to move to the School Enrolment and Attendance Measure. At last estimates it was indicated that SEAM was going to be rolled out in 23 communities across Australia. Can you update the committee briefly about the progress to achieve that?

Ms Hosking: There is a five-stage rollout being progressed in the Northern Territory. We had the initial schools, which I think were 10 communities, rolled out in term 1 of 2013; then we had an additional five schools in term 3 of 2013; then Gunbalanya's rollout was brought forward to the beginning of this year, so it has rolled out in term 1 of 2014. The next lot of schools will be rolled out in term 3 and the final lot will be rolled out in term 1 of 2015.

Senator McLUCAS: So how many are going to be rolled out in term 3?

Ms Hosking: Five schools.

Senator McLUCAS: And term 1 next year?

Ms Hosking: Two schools: Maningrida and Tiwi Islands—two communities. I should say communities rather than schools because sometimes there is more than one school involved.

Senator McLUCAS: And that adds up to 23?

Ms Hosking: Yes, 23 communities.

Senator McLUCAS: And the model for the rollout of SEAM in Cape York Peninsula?

Ms Hosking: There is no rollout of SEAM in the Cape York—

Senator McLUCAS: It is not SEAM there; it is done through Cape York Welfare Reform.

Ms Carroll: That is right.

Senator McLUCAS: And that is basically given to Cape York Welfare Reform as part of their model.

Ms Carroll: So in Cape York we still have the Family Responsibilities Commission, and one of the things they particularly focus on is school attendance. There were some discussions with Cape York early on about if they also wanted SEAM. Those discussions are ongoing. In the cape, the Family Responsibilities Commission had asked for an increase in the level of income management to 90 per cent and that has been granted.

Senator McLUCAS: Sorry, the level of—

Ms Carroll: Income management. Normally a lower level is income managed.

Senator McLUCAS: I understand.

Ms Edwards: If children are not attending school, that is one of the triggers which would refer that family to the Family Responsibilities Commission. Then the Family Responsibilities Commission will conference with the family, perhaps refer them to various services, and has a capacity to recommend income management of that family. So not exactly like a SEAM model, but a different model.

Senator McLUCAS: How many families are on income management through school non-attendance in the five communities that are being run by the FRC?

Ms Edwards: We would have to take those figures on notice. That part of the measure is run out of DSS, but we could take it on notice and respond quite quickly.

Ms Carroll: That question should probably be given to DSS.

Ms Edwards: We could pass it to DSS.

Senator McLUCAS: Thank you. FRC is funded until when?

Ms Edwards: The Commonwealth has announced funding until the end of 2015?

Senator McLUCAS: Calendar year?

Ms Edwards: Calendar year.

Senator McLUCAS: And the state?

Ms Edwards: The Queensland government has so far committed to the end of this calendar year and we are in continuing discussions with them.

Senator McLUCAS: Trying to encourage them to increase to the end of 2015.

Ms Edwards: About all sorts of things

Senator SIEWERT: The Commonwealth funding for that next that the Queensland government has not committed to, does it still proceed if the Queensland government does not commit to it?

Ms Edwards: It is currently included in the forward estimates.

Senator SIEWERT: What happens if the Queensland government—I know there has been this to and fro about when they commit the resources—

Ms Edwards: We might be in a hypothetical landscape, but we are committed to continuing through 2014 working productively with the Queensland government and we will certainly shape our initiative so that it can continue.

Senator SIEWERT: My point is that Commonwealth funding will continue regardless and is not dependent on the Queensland funding.

Ms Edwards: Exactly how it is rolled out is a matter for government, but it is in the forward estimates.

Senator McLUCAS: Can I move now to early childhood education. The funding for the 38 children and family centres is delivered through the National Partnership Agreement on Indigenous Early Childhood Education. Is that correct? What is proposed for that? Can I have an understanding of the funding model for the children and family centres? Is it capital and recurrent? How do they run?

Ms Carroll: The national partnership was about the capital funds for the children and family centres. The funds, as you know, through the national partnership are given to the states and then they work out what the final decision is about how those funds are spent, and they provide the Commonwealth with some information through the implementation plan. So it will vary across each of the sites. For example, in some of the sites where the physical construction has not happened yet there are some services being provided.

Senator McLUCAS: And are you saying the services are funded by the state?

Ms Edwards: That is primarily the funding model.

Ms Carroll: Or they access other money through other programs.

Ms Edwards: Commonwealth funding is for the establishment of the centre over the initial period and some of that money is not directly just for bricks and mortar but to help establishment, but the funding of the various services is primarily a matter for the state.

Senator McLUCAS: Ms Carroll, you say they are not all built yet but are they on track to be built? There will be no change to the funding allocation?

Ms Carroll: No, we have had assurances from all jurisdictions that the outstanding ones will be completed by 30 June.

Senator McLUCAS: Now I would like to move to the 311 budget based funding services.

Ms Carroll: They have not come to the Department of Prime Minister and Cabinet. They stayed with the Department of Education

Senator McLUCAS: All of them, all 311?

Ms Carroll: Yes. They fund the services, which have stayed with—

Senator McLUCAS: We could not get clarity on that.

Ms Carroll: That is my understanding.

Ms Edwards: We have been in discussion about some of them potentially being managed when they are Indigenous specific.

Ms Carroll: Some of the playgroups have come over but it depended on whether they were a childcare centre or a playgroup.

Senator McLUCAS: Thank you. That is what we were trying to get to. Some of them are accredited childcare centres and available to access CCB et cetera.

Ms Carroll: Some of the budget based funding services were childcare centres that are not CCB accredited but they are still effectively a childcare centre. They have a long history of being in existence.

Senator McLUCAS: Bamaga might be one of them?

Ms Carroll: I could not tell you exactly the names but some of the playgroups, not the childcare centres, did come to Prime Minister and Cabinet.

Ms Edwards: There are nine Indigenous-focused creches, as we call them, which are now funded under the Stronger Futures package, and 23 Indigenous playgroups which PM&C is looking after.

Senator McLUCAS: If you subtract that figure from the 311, that is the number left in Education?

Ms Carroll: Yes.

Senator McLUCAS: With the funding model for the ones that are remaining in education, has there been an assurance that the funding will continue to ensure they will be operational?

Ms Carroll: You would have to ask the Department of Education those questions, sorry.

Senator McLUCAS: Why didn't they come across to PM&C?

Ms Carroll: At the point of the change of government, there was already a review process in place for the budget based funded services, so there was an agreement that that would finish and then there would be a reconsideration of whether they stayed with the Department of Education or came over. Because a process had already started before the change of government, the intent was to complete that and, once that was completed, to make another assessment about what would come over. As I understand it, part of that process was to try to get some of those services to be childcare benefit services, in which case they would stay with the pool in education. But that will be considered by government over time.

Senator Scullion: Senator, if you have any questions that you would normally have put here but you now find that you have made a mistake in doing so—I understand the MOG has changed some of those things around—and you want to put those questions on notice, I will ensure that the education department gets them and is able to answer your questions.

Senator McLUCAS: It is more the structure of the program; but thank you for that offer, Minister. Maybe if I could get a list—not of the names of them but the types of services that they are and where they are—that might start me off for next time.

Ms Carroll: We can probably give you a list of the services that are funded and where they sit—whether they sit with us or sit with the Department of Education—and that way that will clear it up for future questions.

Senator McLUCAS: And also a list of the child and family centres.

CHAIR: I think Senator Siewert has a question in the same area.

Senator SIEWERT: I think I may be asking in the wrong area, but I would like to know about the Wyndham Early Learning Activity Centre, which I think was built under the program. Their programs are about to run out of funding soon. My question is about the ongoing viability of these centres. I appreciate what you said about state funding, but here you have a group of people who are working really hard with families and they are going to run out of funding again. Are you looking at how to keep these centres viable once they are built and start operating? At the moment they are getting drip-bits of funding.

Ms Edwards: Just to confirm: my list of the 38 centres does not include one at Wyndham, so we would have to go and have a look at how that one fits in and who looks at it.

Senator SIEWERT: It definitely got Commonwealth funding, and it has a number of programs. I asked about it last year. It got funding for another 12 months and that is about to run out. Obviously, I want to see them keep going, but my question is a bigger picture one about how we keep these centres going, because we all acknowledge they are important.

Ms Carroll: Perhaps when we give the split-up of the different centres and the different services, we can also take on notice that broader question against the different categories.

Senator SIEWERT: If you could, that would be really appreciated.

CHAIR: If I could just get some direction at this point. This section of education and employment is due to finish at 2.30 pm. Am I correct to assume there are no employment issues?

Senator McLUCAS: Not in this section, Chair.

Senator McKENZIE: I have one question.

CHAIR: Still in education?

Senator McKENZIE: Yes.

CHAIR: Senator Siewert?

Senator SIEWERT: I have employment questions, but I will put them on notice.

CHAIR: We will stay with education, then. And before we finish at 2.30 pm, Senator McLucas, I might ask Senator McKenzie for her question.

Senator McLUCAS: Well, if we finish education, why don't we have Senator McKenzie's questions and then Senator Peris has employment questions.

Senator McKENZIE: I would like to say congratulations to the minister: after decades of a lot of money and a lot of talk, in four months we have some real action in closing the gap. All of us around this table want to see a halving of the gap in numeracy and literacy, which is actually very difficult to do if you are not at school. This is the first step, admittedly, in actually taking some real and tangible action on Closing the Gap, which is what everyone around this table actually wants to do.

Senator Scullion: Just as a brief response, I have to say—whilst thank you for your congratulations to me—that all the credit goes to the communities. This is a community-based initiative. It is the people from the communities who have not only made the selection but strongly supported this. This is, I think, evidence of when you have a strongly community supported process. Whilst I am sure that it will have its bumps in the path, it is a much better genesis than we have had in the past.

Senator McKENZIE: I just want to go to the schools themselves. I understand that most remote schools have 31 per cent of their students meeting the national minimum standard for reading. Are all of the schools in the RSAS program in that category of being considered remote, where the need exists?

Ms Hosking: Yes. For the 40 communities, I think they are all in the remote category, including the New South Wales schools. Mike Fordham will answer that in two seconds. They were particularly selected on their attendance rates. So using the attendance rates reported on the MySchool website on a yearly basis by all schools, we looked particularly at those that consistently over a five-year period had been achieving an attendance rate of less than 70 per cent. Most of the communities are in that category. There are a small number that are between 70 and 80 per cent. That is particularly so in the New South Wales case, where they actually had better attendance overall but still had some areas of need.

Senator McKENZIE: So it is quite targeted. I am just wondering, I had heard that there was particularly good examples of how the program was working at the Doomadgee and Borroloola schools.

Ms Hosking: That is exactly right. Mr Fordham can give you some more information; they have had some great success at those schools.

Senator McKENZIE: It is the end of a long estimates week. I would love a good news story.

Mr Fordham: My colleague, Matthew James, is the data guru who may provide the latest data figures. I think that most of the success, as the minister has pointed out, in Borroloola and Doomadgee has just been around the amount of community involvement in the scheme.

Senator McKENZIE: So they were very engaged in it.

Mr Fordham: They are very engaged and they signed up really quite quickly to get going. Despite, in some cases, those communities having various sort of issues like flooding, deaths and so on. They have come to terms with a lot of issues in some of those communities and seem to be quite behind the strategy.

Mr James: This was in the press release put out yesterday: the attendance rate in Borroloola is 17.4 per cent higher so far this year than in term one last year.

Senator McKENZIE: Fantastic.

Senator Scullion: Possibly Senator McLucas will pull me up on my pronunciation, but one of the schools in Palm Island—Bwgcolman—actually operated in the week prior to when I got there at 98 per cent. It is not a small school, so I think that it is just an incredible achievement for that school and that community, because certainly the trends are in front of what the mainstream would expect.

Senator McKENZIE: Fantastic. Thank you so much.

Senator PERIS: This is for the minister. One of the Closing the Gap targets that is lagging is employment. How many Indigenous people will lose their jobs as a result of the Gove refinery closure?

Senator Scullion: I can only reflect on this. I may be corrected by conversations that I have had with Rio Tinto about that matter. I have been assured—due to the arrangements that Rio have in place, whether it is resettlement or whatever—that there are none who will lose their jobs who have not already been looked after. But perhaps we can have some more details from somebody else who has just come to the table?

Mr Eccles: The information that we have is that employees of the Gove refinery who will become redundant will receive redundancy packages. They are looking to redeploy them, as far as possible, in other aspects of their mining enterprise—so in other parts of the mine. We understand that the job losses are being phased in throughout 2014, so it is not all at once. We have got some of our staff on the ground, doing some work around the Indigenous employment people. The department is taking a close interest in this, obviously. At this stage, they are looking to redeploy all the people who are going to lose jobs.

Senator PERIS: When you say redeploy, they will be the people who actually work in Rio Tinto in the refinery area?

Mr Eccles: That is the intention. Where possible, Rio's intention—as they have explained it to us—is that wherever possible they will be relocated to other parts of their broader enterprise.

Senator PERIS: My understanding is that a lot of those employees are not Aboriginal people. Have you been to Gove?

Mr Eccles: No, I have not.

Senator PERIS: It is probably the fourth or fifth biggest town in the whole of the Northern Territory. It has a population which is rapidly declining from 4,500. I think close to 1,000 have already left the town. What I am getting at is that this town is actually a service hub. It is a regional town to more than 17,000 people in that region. There are almost 10,000 Aboriginal people throughout the whole of the East Arnhem Land region who actually need Gove for education and health. It has got facilities there. Rio Tinto has been part of their life for almost 35 or 40 years now. Minister, have you been to Gove recently, since the election?

Senator Scullion: I have.

Senator PERIS: Have you had discussions with many of the people with regards to what is happening in Gove?

Senator Scullion: We have had ongoing discussions not only with Rio but also with the Aboriginal people and their representatives and with the business sector in Nhulunbuy.

Senator PERIS: Has there been any discussion of an urgent structural adjustment package? I am open to anyone here.

Senator Scullion: No, nobody has put such a suggestion to me.

Senator PERIS: My understanding is that by July—I have heard that the Prime Minister is in Darwin at the moment and only an hour away from Nhulunbuy—they will require 400 families to keep the town afloat. Has that been mentioned to you at all by anyone?

Senator Scullion: I am sorry, could you just ask that last question again? I am sorry, I missed it.

Senator PERIS: I was saying that I am aware that the Prime Minister is currently in Darwin. Is he going to go to Gove? Has that been discussed?

Senator Scullion: I am not aware.

Senator PERIS: I have been told that by June or July this year, when there is talk of him going to Gove, almost 500 families would have left Gove. Has there been any talk of replacing what Rio Tinto brought to East Arnhem Land with something else, like through the means of Defence or relocating a Northern Australia policy unit in Gove? Just something that is happening that could occur straight away?

Ms Carroll: I am not trying to be difficult, but things like structural adjustment packages and those sorts of things would be directed to the Department of Industry, who has the lead on structural adjustment across Australia.

Senator PERIS: I did ask that question on Monday. I did not have much luck with many people. I guess from an Indigenous perspective, where this falls under, you are going to have 10,000 East Arnhem Land people who have for 40 years relied on this town as a service town. What is the relief? What are they going to have? That is the question.

Senator Scullion: I do not think it is reasonable to characterise this as a complete loss of services. Certainly, as you would be aware, the Department of Education is not closing the schools in Nhulunbuy. The hospital is not closing in Nhulunbuy. The post office is not closing in Nhulunbuy now. I share with you the great remorse and tragedy that a mining company has decided to leave Nhulunbuy, but I think it is not reasonable it to characterise it in the way that all the services are departing and the 10,000 people who are reliant on those services will not have any anymore. It is just simply not an accurate characterisation.

Senator PERIS: What you are saying is that you guarantee, in some way, that those services like the health and the education are not going to be impacted?

Senator Scullion: I am not saying anything of the sort. What I have actually said is that there have already been assurances that the school is not closing down, there is no indication that the hospital is going to close and there is no indication—as far as I know—that any of the services of the Commonwealth makes available are closing. There will still be sufficient people in that region to need those services.

I know your questions are directed particularly around the Indigenous issues. My discussions with Rio have been very focused on those particular employees, not only those ones in the mine—which I acknowledge are very small, only a handful. They are talking about the 100 or so whose jobs are going to be directly affected. I know they have put a lot of effort into ensuring that not only have they been paid the proper redundancies and all of those sorts of things but they have also been given particular opportunities to stay in the Rio family. That is not only around Australia but also in the ongoing mining operations. That is what I have been told by Rio and I can only just repeat that in good faith.

Senator PERIS: With the closure of the Gove refinery, Indigenous employment is forecast to decline. You have mentioned the RJCP is prominent around the Northern Territory. In the meantime, what steps are you taking in the meantime? I know you met with Glenn Aitchison, who was the chair of the Gove Community Advisory Committee and also the CEO of the Yolngu Business Enterprises. They rely heavily on Rio. Is this all being looked at to actually counteract the big gap that is going to be left with Rio leaving?

Mr Eccles: What is the question, again?

Senator PERIS: What are you doing? Come June or July, 500 families are going to go.

Mr Eccles: We have got nine staff in Nhulunbuy and we have got another 10 around the region who offer the sort of support that we are talking about. They are working with the individuals who are affected. They are obviously working with Rio to try and make sure that the transition to other work takes place. We do know that there are discussions with the Northern Territory government that are being led out of another department, the Department of Industry. We could get an update from them and come back to you. We do know that the Northern Territory government is also taking a very close interest in it.

It is absolutely a matter of priority for our on-the-ground staff to work with those people who are affected. They are just starting to come into the system, if you like. The intention was that it would be sometime this month

that the people who are being made redundant start to leave their employment. I know that our staff there are taking a particularly close working role with those guys.

Senator PERIS: Just recently, the Minister for Infrastructure and Regional Development, Warren Truss, and Minister Warren Entsch announced a Cape York region package to the community. It is something in the excess of \$210 million. That was for the Cape York region, where there is a significant amount of Aboriginal communities in that area. East Arnhem Land has, again, almost the same amount of Indigenous people. That is around the Northern Australia development. Is anything going to be offered of that sort to developing the north?

Senator Scullion: I am not sure if you have actually put those questions to the right area. As I said, that is certainly not the area of expertise in terms of infrastructure. It was not an Indigenous initiative; it was an infrastructure initiative that I vaguely understand. I am happy, as I have said with Senator McLucas, if this is the wrong place I will—if you can put a question on notice—make sure that they get put through to the officers responsible. But they are certainly not in this room.

Senator PERIS: Going back, if I can draw a line to the Indigenous side of things and the development of Northern Australia. I was asking whether there is anything that you have heard of that could be coming towards to the northern part of Australia to help with economic development and jobs?

Mr Eccles: There is certainly the Northern Australian white paper that the government has announced is under development. I believe that is being led out of another part of our department, but not the Indigenous affairs side. We are talking to them. It is on the government's radar and they certainly intend to do something around Northern Australia's economic development, but I do not have the details at the moment.

Senator PERIS: The Aboriginal art organisations, including ANKAAA, which is the Association of Northern, Kimberley and Arnhem Aboriginal Artists, do not have their funding guaranteed beyond June this year. This severely impacts the capacity to plan and progress their businesses. What analysis have you undertaken in relation to the impact this will have on Indigenous employment?

Mr Eccles: The indigenous arts program is with the Ministry for the Arts, which is in the Attorney-General's portfolio.

Senator Scullion: Again, being Friday, if you give the question on notice, we will make sure it gets to the Attorney for an answer.

[14:35]

CHAIR: We will now move to Indigenous housing and sport.

Senator SIEWERT: You will probably have to take this on notice, but I am interested to flip around the debate on the focus of the National Partnership Agreement on Remote Indigenous Housing. Do we have an idea of how many houses in remote communities have not been refurbished—in other words, the size of the job still to go?

Senator Scullion: It might be required to be on taken notice.

Senator SIEWERT: Are you aware if anybody has done that work?

Senator Scullion: I am sure it is available.

Ms Carroll: We will take that on notice.

Senator SIEWERT: Thank you. Has the work been done and, if so, how many by community in the NT? Let us start there. Is that okay?

Ms Carroll: Yes, Senator.

Senator SIEWERT: I am interested to pursue the issue around tenancy agreements, as identified before in the NT. Has this issue been resolved? Do we have a time line for when it will be resolved?

Mr Stacey: Are you asking whether or not we have found a way as part of NPARIH to introduce tenancy agreements across all remote jurisdictions?

Senator SIEWERT: In terms of making them comply with the Residential Tenancies Act?

Mr Stacey: I can say that those reforms, particularly around property and tenancy management, and particularly around getting tenancy agreements in place, have been progressing well across jurisdictions. In the order of 90 per cent of tenancy agreements are in place for new or refurbished houses. So 90 per cent of the housing stock, new or refurbished houses under NPARIH, now have tenancy agreements in place.

Senator SIEWERT: And how many of those are in the NT?

Ms Campbell: As at 31 December, 97.2 per cent of the houses in the NT have a tenancy agreement in place.

Senator SIEWERT: Okay, but do they comply with the act?

Ms Campbell: Yes.

Senator SIEWERT: That is just under three per cent. Is it intended that they in fact will be concluded? Are those three per cent intended to be finalised so that they meet the requirements as well?

Ms Campbell: The Northern Territory government would be required to continue to put in place the tenancy agreements.

Senator SIEWERT: In terms of ongoing tenancy advice for Aboriginal clients in the Northern Territory, I am aware that there was a recommendation that in fact better support needs to be put in place for tenants. Has there been any work done in progressing that?

Ms Campbell: The Northern Territory government report to us through their joint steering committee on their progress with property and tenancy management reforms. They have made substantial improvements with the tenancy management system. They report to us that their rental receipts have increased by 40 per cent since April 2012 and they are continuing to work to improve their systems and the education that is rolled out to tenants as they take up their tenancy agreement.

Senator SIEWERT: Thank you. I am also looking at it from the other perspective—that is, provision of support to tenants from their rights perspective. I am wondering whether there has been any progress in support from that perspective.

Mr Stacey: This is something we have pursued with all jurisdictions to make sure that it is part of the reforms we are pursuing to the national partnership agreement, that we are setting up for tenants the same sorts of support, the same sorts of opportunity to complain as any other public housing tenant would have. In the case of the Northern Territory, I have had a number of discussions with senior officials in the NT government over the past couple of months and consistently ensured that they have put in place the system that is in place for anybody else who is in a public house in the Northern Territory.

Senator SIEWERT: I might put on notice: how assured are you with their assurances and what, in concrete, do you have which shows that they are meeting those requirements beyond their assurances to the Commonwealth?

Mr Stacey: We will take that on notice.

Senator Scullion: I will make another assurance. My views have not changed since I sat next to you on the other side. It is not only whether they have tenancy arrangements in place; the agreements and arrangements are treated as we would any other house. Across the vast majority of the jurisdictions in the area, particularly the very remote areas, it is a very light touch. I will continue to have very focused discussions with the various jurisdictions on their responsibilities in regard to tenancy management.

CHAIR: For the interests of senators, I confirm that coalition senators have no questions in housing and sport.

Senator McLUCAS: I want to start at the beginning with the Aboriginal Housing section. In the machinery of government changes, what parts of housing—I use the broader definition of housing—came across to PM&C from the old FaHCSIA?

Mr Stacey: In effect, what is referred to as that National Partnership Agreement on Remote Indigenous Housing has come across into Prime Minister and Cabinet. Mainstream housing and in particular other various COAG arrangements for mainstream housing are in the Department of Social Services.

Senator McLUCAS: And who is responsible for what? The National Affordable Housing Agreement—

Ms Carroll: That stayed with the Department of Social Services.

Senator McLUCAS: I know. How much of the work out of the NAHA actually happens in Indigenous communities? Is there any element of that which—you make the point, Mr Stacey, it is a mainstream program—was identified as being Indigenous specific?

Ms Carroll: The only Indigenous specific thing, as Mr Stacey said, was NPARIH, and then just as we do in health and in some of the other areas, we work back closely with the Department of Social Services to ensure that, in the mainstream areas through the National Affordable Housing Agreement et cetera, there is a broad understanding and attention paid to Indigenous issues as they are thinking about housing more generally and there is a range of mechanisms which I think we spoke about at the last estimates hearing. Certainly at a departmental level we meet with officers from the Department of Social Services. Also there is a secretaries group, which the secretary of Prime Minister and Cabinet chairs, and the Secretary to Social Services is on that group.

Senator McLUCAS: Thank you. What I am trying to get to is: was there ever any part of NAHA that was to be allocated specifically to Indigenous people, I dare say in communities that are mainstream communities?

Mr Stacey: Perhaps, Senator, I will say how I have understood all this. So, NAHA is an overarching agreement?

Senator McLUCAS: The old CSTHA, or whatever it was called—

Mr Stacey: In part—but in any event, I will leave that part to one side, sorry! I have a National Affordable Housing Agreement, an overarching agreement, reached by COAG in 2008. Underneath that there were a number of national partnership agreements designed to give effect to what was in NAHA. One of those was the National Partnership Agreement on Remote Indigenous Housing.

Senator McLUCAS: Thank you. You have answered my question, because that was what I have not able to track. So it does sit under NAHA?

Ms Campbell: Yes.

Senator McLUCAS: Do the reporting arrangements through NAHA capture any reporting systems that will happen in the remote Indigenous housing NPA?

Ms Campbell: The reporting arrangements for the national partnerships are defined in the national partnership itself. So each of the reporting arrangements are defined in the agreements.

Senator McLUCAS: And they are quarantined from the overall NAHA reporting?

Ms Campbell: Yes.

Senator McLUCAS: Okay. That is good.

Ms Campbell: And one example is that we get way more reporting through NPARIH than we do in the NAHA.

Senator McLUCAS: Yes. That is a good thing. So going to that reporting: can we get an update for the current status of the overall agreement about the number of dwellings, the number of refurbishments and the locations of all those that have all been agreed? What is the status report on progress? Is there a document that you produce on a reasonably regular basis that can inform the committee on progress?

Ms Campbell: I can give you an update on the progress to 31 December.

Senator McLUCAS: Okay.

Ms Campbell: The capital works targets for NPARIH for new houses for the 10 years was 4,200 across the jurisdictions, and refurbishments were 4,876. Delivered as at 31 December 2013: for new houses, 2,303, and refurbishments, 6,314.

Senator McLUCAS: So you have overdone the refurbishments?

Ms Campbell: Yes

Mr Stacey: Yes, Senator. In fact, it is 130% of the target

Senator McLUCAS: Well done; that is good. Now for the new houses to be completed, the 4,200 by 2018: do you have a way of tracking completions, and are you on track?

Ms Campbell: Yes. All jurisdictions report that they are on track, and they report to us regularly.

Senator McLUCAS: Is there a list of where these new houses are going to go? Is that a public document?

Ms Campbell: It is not a public document. Some of it is through a competitive bid process.

Senator McLUCAS: Okay

Ms Campbell: Some of it is that each of the jurisdictions identify and put through an implementation plan and then there is a separate competitive bid process. So it is a combination of all of that.

Senator McLUCAS: Within the state? So the competition is within the state for locations?

Mr Stacey: No, it is a competitive bid. Part of the NPARIH provides for a competitive bids process bi-annually, every two years, for each jurisdiction to make bids around capital works that they propose to carry out over the next two years. We go through a process of assessing those for every jurisdiction and ultimately come to an agreement about how much funding we want to give against those bids for each jurisdiction. We also have as part of it that if a jurisdiction has not met its target in the previous two years then that could potentially impact on the funding.

Senator McLUCAS: Queensland did not meet their target most recently, I understand. I am not following you though, Mr Stacey, about the competitive nature of the—

Mr Stacey: I was trying to say that it is not within each jurisdiction; it is not within each state. It is meant to be a process across each state, allowing us on a national basis to make a decision around which jurisdiction should get the funding to the amount they want to do capital works.

Senator McLUCAS: What is the competition about?

Ms Campbell: Maybe the competitive name is slightly misleading, but it can be competitive when there is extra money due to one of the jurisdictions being penalised for not meeting their targets.

Senator McLUCAS: So the excess money is competitive?

Ms Campbell: Yes. In the competitive bid we set the next two years work program and they provide us with a summary of their scope of works. They make a case for community need and put out which communities they plan to go to; they provide information about their method of procurement and delivery; they talk about where they are up to and the status of tenure for each community that they are planning to go to; they cover employment opportunities. A very important element of the competitive bid is around value for money and the cost of the work they are proposing to do. They also talk about community engagement. Through that process we set key milestones and time frames for the next two-year period.

Senator McLUCAS: And a side issue—Torres Strait. Is that part of the NPARIH or is that through TSRA?

Ms Campbell: Torres Strait is in the scope for the Queensland program of work.

Senator McLUCAS: So that does work through that. Can I now go to the Indigenous employment target. I want to get a real understanding of how the reporting works and how you scrutinise the reports you receive from the states and territories about the level of Indigenous employment that is delivered through the NPARIH.

Ms Campbell: As part of their reporting, each of the jurisdictions has a target of 20 per cent employment within the capital works element of the program. So along with their report of progress for capital works, they report their progress against that target of employment.

Senator McLUCAS: How do you receive that report? Is it basically 'achieved/not achieved'? How do you verify the report that you have received?

Ms Campbell: They would give us a percentage of employment of the workforce. That does vary by jurisdiction. Some will report on the total number of hours and as a percentage of Indigenous employment within the total hours; others may look at the workforce. It is not reported consistently by each jurisdiction.

Senator McLUCAS: So some people will drill down to say, 'This piece of work was done in 92 hours by an Indigenous person and that adds up to that part of the proportion of the 20 per cent or more,' but others will say, 'Of the people employed on this project, 22 per cent of them were employed'.

Ms Campbell: It does vary.

Senator McLUCAS: Is there a desire to make that consistent across the program?

Ms Carroll: There certainly is a desire. Some of it goes to, as you have indicated, the way the state or territory collects the data and information and also how they collect it from the people they have contracted, how they can bring that together. It is certainly our desire to try get as much accuracy as we can in that.

Senator McLUCAS: On notice, can you give me a list of the states and territories and some commentary about the way they report? I am not asking you to do a massive amount of work, but just the methodology they use. As well as that—this may not be able to be done—which states and territories are meeting the 20 per cent target. Do you have that now?

Ms Campbell: We can confirm that they are all meeting and exceeding that 20 per cent target.

Senator McLUCAS: But then we go to the next question: how do we know that the report is valid? What sort of checking system does the department employ to verify the report?

Mr Stacey: A key way we have is by setting up in each jurisdiction a joint governance structure known as a joint steering committee. That is the way we make sure that we are together—the Commonwealth and the relevant state government—monitoring implementation plans and achieving the different milestones, including those relating to the target on Indigenous employment. It is right that to a significant extent we do rely on data being provided by state and territory governments. I do not think, so far, we have come across a situation where we do not think that the data we have been given is accurate. We also of course have our own people on the ground—

Senator McLUCAS: Sorry, Mr Stacey, can you say that again?

Mr Stacey: I do not think so far we have come across a situation where we think that a jurisdiction has given us information that is not accurate—not as far as I know.

Senator Scullion: Senator McLucas, just trying to be helpful without verballing you: are you asking whether, because there is a possibility of companies providing their 20 per cent in different ways, how do we rationalise those different ways of providing information into the one thing?

Senator McLUCAS: Yes.

Senator Scullion: I do not think we have had a comprehensive answer, but I can take that on notice. I am not sure if we can find any examples, and we will perhaps see how that steering committee deals with that. If we can, if there is any further information, we will provide that to you on notice.

Senator McLUCAS: I suppose the concern I have is the different methodologies that are being used. That is an historical issue and just the way it is.

Senator Scullion: I accept that. We will have a look at how that is rationalised, if it is, and see if we can get some information too.

Senator McLUCAS: Mr Stacey, is there any data collected in whatever form—probably not—that talks about the number of apprenticeships that have been achieved through this housing program? I daresay it was not requested as part of the original reporting methodology, but if you did then it would be great to know.

Mr Stacey: I think we will have to take that one on notice.

Senator McLUCAS: Thank you. The other program I would like to know about is the Indigenous Housing and Infrastructure Program. Where does that sit?

Mr Stacey: We can take questions on that.

Senator McLUCAS: So is that in the housing part of what came over from FaHCSIA? Where did you come from?

Mr Stacey: Yes, it is.

Senator McLUCAS: And what is the purpose of the Indigenous Housing and Infrastructure Program?

Mr Sowry: Senator, the purpose is to provide funding and support for infrastructure and housing related infrastructure to remote communities. There are a number of different activities that are under that appropriation: Indigenous housing, municipal and essential services, the National Jobs Creation Program and the NT jobs program. A longstanding one is the Army Aboriginal Community Assistance Program.

Senator McLUCAS: So this is overarching, and these all sit under—

Mr Sowry: Yes, it is a very similar sort of construct.

Senator McLUCAS: All right. Going to the allocation announced yesterday or the day before, of the \$6 million to complete the seawalls in the Torres Strait: what sub-line did that come out under?

Mr Sowry: That came out of its own sub-line. There is an element that we have for what we internally call high-need support programs or activities, and that \$6 million of funding came out of that area—and it is over two years: this financial year and next financial year.

Senator McLUCAS: So that is the money that Minister Macklin announced?

Senator Scullion: Yes.

Senator McLUCAS: As part of the commitment from FaHCSIA to the sea walls?

Senator Scullion: That is right.

Senator McLUCAS: That is fantastic. And it is over two years—how much is in this year?

Mr Sowry: \$2.5 million this year.

Senator McLUCAS: When I say that I mean this current year.

Mr Sowry: Correct, yes.

Senator McLUCAS: And then the rest will be in next financial year?

Mr Sowry: Yes, in next financial year.

Senator McLUCAS: And that money goes to TSIRC or TSRA?

Mr Sowry: Our funding goes to TSRA.

Senator McLUCAS: And you have signed a contract with TSRA for the delivery?

Mr Sowry: We are negotiating. In fact, we had our first involvement in the project consultative group yesterday afternoon, and that topic came up. That is the next stage. We need to negotiate the funding agreement with them, and our commitment is that we will have that complete by the end of March.

Senator McLUCAS: Thank you. I will put some on notice, back to the seawalls: can I also get that list of where and who and what? Not by location, but can I get an understanding of the number of people who are in the blue card—that is what we call it in Queensland; I think Senator Peris calls it an ochre card—and who are in the exempt period? So, people who have applied for their card but who, properly, are going through that process to get that card, but have been employed?

Ms Carroll: For the people who are employed, we do not employ them until they actually have the card.

Senator McLUCAS: Did I misunderstand you?

Ms Carroll: No, but as part of the total number we have three rough groups: we have the people who are actually employed and who already have their card; we have a group that are engaged, so they actually might be doing the activity with someone else and they are in that period, so we can give you the definition of—

Senator Scullion: With the RJCP provider; not with kids.

Ms Carroll: So we can give you the number of those. Then there is the other group, those who are in the pipeline.

Senator McLUCAS: So they are engaged, but not employed.

Ms Carroll: That is right.

Senator Scullion: Because they do not have their working-with-kids check. So they are engaged by the RJCP provider, often doing the occupational health and safety and the prevocational work. Invariably it is a very short period of time. When they say 'imminent' there has been an awful lot of work done to get the working-with-kids material done over Christmas. The jurisdictions have done very well, but there is a short period of time under which they are engaged by the provider. So that is why there is another category, because we will not allow them to work with kids unless they have the working-with-kids card.

Senator McLUCAS: Thank you. If you could give me those three figures?

Ms Carroll: We will give you the definition for the three groups.

Senator MOORE: I am very apologetic to any officers who have been sitting here waiting to share with us their knowledge of the sport area, so could I put my apologies to anyone who would be in that? Rather than waste their time for five minutes, I will just put the questions on notice.

CHAIR: Again, thanks to those officials who were coming to address sports concerns.

Proceedings suspended from 15:03 to 15:04

Ms Carroll: I can provide an answer to a question on notice which was about the supplementary legal assistance. There are six organisations that receive the supplementary legal assistance. The funding is in the forward estimates under the Stronger Futures program through to 2022. As we described, the funding agreement finishes on 30 June 2014, and we will soon be in discussions with those organisations about the future. But many of these receive funding from Attorney-General's as well, so we are also working out how best to do that funding agreement to minimise red tape for those organisations.

Senator SIEWERT: Thank you very much.

Ms Carroll: The other one that I had a quick answer on was that there were some questions from Senator Seselja on congress, about sitting fees et cetera. I understand there are no sitting fees and that the co-chairs and directors are on salaries of some form, part- or full-time. The board meets monthly. In 2012-2013 a bit over a million dollars was spent on board remuneration. I just wanted to clarify that congress reported in a media release that they had 35 staff as at February 2014.

CHAIR: There being no other business we will adjourn the additional estimates cross-portfolio hearing for the Finance and Public Administration Legislation Committee. Thank you all very much, and our special thanks to the committee staff.

Committee adjourned at 15:05

M C Dillon

18 March 2014

Senator Cory Bernardi
Chair
Senate Standing Committee on Finance and Public Administration
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Senator Bernardi

I refer to the Committee Secretary's letter to me dated 6 March 2014 inviting a response to questions asked by Senator Bridget McKenzie during the Estimates Hearings on 28 February 2014. For reasons set out below, I am responding in my personal capacity and not as Chief Executive Officer (CEO) of the Indigenous Land Corporation (ILC).

In relation to the questions asked by Senator McKenzie (both to the Department of Prime Minister and Cabinet and to myself) regarding the decision by Indigenous Affairs Minister, Senator the Hon Nigel Scullion to retrospectively cancel a publicly announced decision of the former Minister to grant the MJD Foundation \$10 million from the Aboriginals Benefit Account in the Northern Territory, I can ascertain no link between this decision and the ILC. Accordingly, there is no basis for me to respond to the question in my capacity as ILC CEO. I made that point in my evidence on the day. Accordingly, the following comments are made in a personal capacity and refer only to material that is in the public domain.

Senator McKenzie's questions appear designed to infer or create an imputation that the fact that I am a friend, former colleague and co-author of a book with Mr Westbury, the Chair of the MJD Foundation, in some way taints the processes surrounding the original decision to approve the grant by former Minister for Indigenous Affairs, the Hon Jenny Macklin MP.

I categorically refute any such inference or imputation.

The questions by Senator McKenzie adopt almost identical words to assertions by Senator Scullion in an undated letter to then Minister Macklin received 6 June 2013 and in a speech in the Senate on 24 June 2013; a speech in which he alleged I played an inappropriate role in relation to the appointment of ILC Directors and the removal of a former ILC CEO. As a public servant at the time of his speech I was not in a position to refute those allegations. I do so now.

These recent inferential criticisms appear to be a continuation of a series of attacks by Senator Scullion in the Parliament (under Parliamentary privilege) and in the media against the character of individuals associated with the ILC and its subsidiaries since the renewal of the Board in October 2011. I don't propose to list every individual and every instance, but note that individuals criticised

include: the ILC Chair, Dr Dawn Casey; the previous Acting ILC CEO, Mr Bruce Gemmell; ILC Director Neil Westbury; and, by implication, all ILC Directors appointed by Minister Macklin.

For present purposes, I will limit myself to giving a few examples relating primarily to myself and Mr Westbury.

On 15 February 2013, Senator Scullion used the Estimates Hearings to pursue a series of questions relating to the engagement of a facilitator for a one day workshop at a cost of around \$5500. The Senator indicated he had a particular interest in conflict of interest provisions and their application in procurement processes. He then went on to ask whether any Board members had been involved in prior discussions relating to the engagement of the facilitator, and in particular asked whether there had been an indication that 'a close personal relationship' had been notified. He then asked in relation to Mr Westbury 'Did he declare that he knew the facilitator and probably should not be talking to you about things like that?' The matter was pursued in further Questions on Notice. There was no substance to this line of tendentious questioning as Mr Westbury did not previously know the consultant.

On 19 April 2013, *The Australian* published an article where Senator Scullion criticised the fact that I had been recommended as the CEO of the ILC, (information not in the public domain at that time) alleging political interference by Minister Macklin in the process. The article quotes Senator Scullion saying 'With the blessing of the minister and his good friends, the chair of the ILC Dawn Casey and board member Neil Westbury, Michael Dillon will be in charge of a \$1.7bn outfit'. Senator Scullion placed the article on his website, and thus must be taken to have endorsed the content. I refute the inference that I was not appointed through an independent process and on merit.

In an undated letter received on 6 June 2013, Senator Scullion wrote to Minister Macklin and copied to a third party raising allegations about my 'apparent role' with regard to the appointment of the new ILC Directors, the removal of the previous ILC CEO Mr David Galvin and the proposal to appoint a new CEO (for which I was an applicant). Attached to that letter was a copy of the selection report for the appointment of the ILC CEO. The selection report was circulated only within the ILC Board. It is not clear how that report came to be in the hands of Senator Scullion. The unauthorised dissemination of this information was likely a breach of the Crimes Act by the person who provided it to Senator Scullion's office.

Senator Scullion subsequently tabled his letter and the selection report in Parliament on 24 June 2013, an act which I regard as a gross breach of my privacy (and that of the two unsuccessful candidates shortlisted for the position). I understand Minister Macklin subsequently responded to Senator Scullion based on advice and inquiries made by her department refuting his allegations that I had acted inappropriately either in relation to my application to the CEO vacancy or in relation to the appointment of the ILC Directors. Senator Scullion did not table her response nor did he make any apparent effort to correct the record.

On 7 June 2013, in Estimates, Senator Scullion questioned the qualifications of the new ILC Board members appointed by Minister Macklin (which included Mr Westbury as an ordinary member) and he noted that past Boards have included people with experience in financial and business management and 'perusing the board's CV's, only David Baffsky fits that criteria...'.

At the same Hearings, Senator Scullion mentioned again that I had been recommended as incoming CEO of the ILC and in a lengthy exchange with the Department inferred that I had been involved (while employed in the public service) in the removal of the former CEO, Mr David Galvin, an individual Senator Scullion has publicly praised and clearly regards highly. The decision to remove the former CEO was made by the then ILC Board and I had no role in their decision. Accordingly there is no substance to Senator Scullion's suggestion and I refute the inference.

On 24 June 2013 in an Adjournment speech to the Senate, Senator Scullion again made the comments I refer to above regarding my alleged inappropriate involvement in the appointment of the new ILC Directors and the termination by the Board of the former CEO based on my alleged friendship with ILC Board members Dawn Casey, Olga Havnen and Neil Westbury. While I knew each of the three individuals named, only Neil Westbury could be described as a friend rather than an acquaintance. I understand Mr Westbury took no part in the decision regarding my selection as CEO of the ILC. These allegations are simply without basis, and reflect a vexatious fiction promulgated by Senator Scullion.

On 22 November 2013 I appeared before this Committee at Estimates Hearings, and outlined a series of concerns regarding the ILC's acquisition of the Ayers Rock Resort in October 2010 for a price of \$300 million. Senator Scullion took exception to comments I made regarding responses by the then Chair of the ILC, Ms Shirley McPherson, to correspondence from both former Minister Macklin and the former Minister for Finance, Senator the Hon Penny Wong. Minister Scullion's criticism of my comments was reported in the media. An exchange of correspondence ensued which is on the public record and speaks for itself.

For present purposes, I merely note that my concerns about the acquisition of the Ayers Rock Resort have been vindicated by the publication in December 2013 of the McGrathNicol report which found that the due diligence undertaken (at a cost of \$6 million) involved serious administrative and accountability deficiencies and adopted recklessly optimistic assumptions. These findings are at odds with the former Chair of the ILC's assurances to Ministers Macklin and Wong regarding the acquisition of the resort. My comments were also vindicated by the ILC Chair's public announcement on 13 March 2014 that an independent full speaking valuation of the resort values it at around \$200 million, as against the purchase price of \$300 million. As has been already placed on the public record in the most recent Estimates Hearings, a range of unanswered questions remain regarding the probity and financial appropriateness of this transaction.

The examples listed above demonstrate Minister Scullion's sustained pursuit of current ILC Directors and others such as myself who have diligently and professionally dealt with the adverse commercial consequences of the former ILC Board's acquisition of the Ayers Rock Resort.

What is of significant concern and disappointment is that at the same time as attacking the character of individuals associated with the current ILC Board, Senator Scullion has seemingly failed to pursue any of the serious accountability issues arising from the acquisition of the Ayers Rock Resort while in Opposition, and now in his role as Minister. Instead, Minister Scullion has gone out of his way to indicate his support (including via praise in the Parliament) for the former ILC Directors and CEO who were responsible for negotiating and driving the transaction which involved numerous accountability deficiencies, has been valued at more than \$100 million less than its purchase price, and involved

potentially unsustainable debt financing arrangements of around \$200 million. The cumulative impact on the ILC and its capacity to fulfil its statutory functions is potentially disastrous.

The Minister has also refused to initiate a public inquiry into the acquisition of the resort, which in the circumstances would be a reasonable and prudent course of action relating to the loss of public funds of this quantum.

In conclusion, it is my contention that the most recent questioning by Senator McKenzie is a continuation of a sustained and deliberate attempt by Minister Scullion to use the privileges of the Parliament to attack my character and intimidate me, along with current ILC Directors involved in dealing with the severe adverse consequences for the ILC stemming from the Ayers Rock Resort acquisition. In my view this amounts to an abuse of parliamentary process and requires remedial action by the Parliament.

Accordingly I formally request that the Committee rule the questions asked by Senator McKenzie of both the Department of Prime Minister and Cabinet and myself out of order. I also formally request that the Committee refer the matters raised in this letter to the Privileges Committee of the Parliament for examination.

In relation to the MJD Foundation grant matter raised by Senator McKenzie, I note that in introducing an alleged link between Mr Westbury and the ILC and inferring that Mr Westbury's friendship with me is somehow inappropriately relevant to the approval of the grant, Senator McKenzie has in effect raised the possibility that the real reason for the Minister's decision to retrospectively terminate the grant relates to Mr Westbury's involvement in the MJD Foundation and not the merits of the grant itself.

Were it the case that Minister Scullion or his office arranged for Senator McKenzie to ask the questions she did, it would confirm that Mr Westbury's role as both ILC Director and his role as MJD Foundation Chair was an element in the Minister's decision to overturn the previously approved and announced grant.

This possibility is made more likely by the fact that Senator McKenzie is a Victorian whereas Minister Scullion is a Northern Territory senator and the MJD Foundation operates in his electorate. It is reinforced by Minister Scullion's previous assertions in his June 2013 letter to Minister Macklin and in his comments in the Senate on 24 June 2013 in almost identical terms to Senator McKenzie's question. The rationale given by the Minister for his rather extraordinary retrospective action in cancelling the grant to the MJD Foundation is both confused and unpersuasive, but is consistent with the sustained patterns of behaviour involving vilification of current ILC Directors and officers outlined above. I consider this is a matter which the Standing Committee on Finance and Public Administration should consider further.

I request that this letter be published by the Committee.

Yours sincerely

M C Dillon



STANDING COMMITTEE ON FINANCE AND PUBLIC ADMINISTRATION
Legislation Committee

20 March 2014

Mr Michael Dillon

Dear Mr Dillon

Thank you for your response to the committee dated 18 March 2014 which relates to matters which arose out of your appearance on 28 February 2014 before an Additional Estimates hearing of the Senate Finance and Public Administration Legislation Committee (committee). The committee sought to clarify those matters by writing to you under its power to consider the performance of departments and agencies allocated to it under standing order 25(2)(a).

You have asked that the committee rule out of order particular questions asked at the estimates hearings. Rulings concerning the appropriateness of questions are generally made by the chair, and ultimately determined by the committee, at the time the questions are asked. Committees apply a broad test in relation to what are relevant matters at estimates hearings: any matters that go to the operations or the financial positions of departments and agencies are relevant matters. Applying this broad test, the committee considers that the questions which were put to you were relevant. You would also appreciate that while, on occasion, questioning at estimates hearings can become quite robust that is not a basis for ruling questions out of order.

Where adverse inferences or reflections are made against a person in the course of committee proceedings, committees are required to provide the person concerned with the opportunity to respond to that adverse material. Such a response is protected by parliamentary privilege. You have taken the opportunity to respond to the matters which you consider were inferred by the questions put to you and you have requested that your response be made public. Consistent with your request, the committee intends to publish all correspondence relating to this matter.

Finally, you have asked that the committee refer the matters raised in your letter to the Committee of Privileges. The committee considers that the appropriate course in this case is the publication, under the protection of parliamentary privilege, of the response you have provided. The committee also draws to your attention the right of reply procedure provided for under Privilege Resolution 5 (attached).

Yours sincerely

Cory Bernardi

Chair

5 Protection of persons referred to in the Senate

(1) Where a person who has been referred to by name, or in such a way as to be readily identified, in the Senate, makes a submission in writing to the President:

- (a) claiming that the person has been adversely affected in reputation or in respect of dealings or associations with others, or injured in occupation, trade, office or financial credit, or that the person's privacy has been unreasonably invaded, by reason of that reference to the person; and
- (b) requesting that the person be able to incorporate an appropriate response in the parliamentary record,

if the President is satisfied:

- (c) that the subject of the submission is not so obviously trivial or the submission so frivolous, vexatious or offensive in character as to make it inappropriate that it be considered by the Committee of Privileges; and
- (d) that it is practicable for the Committee of Privileges to consider the submission under this resolution,

the President shall refer the submission to that the President shall refer the submission to that committee.

(2) The committee may decide not to consider a submission referred to it under this resolution if the committee considers that the subject of the submission is not sufficiently serious or the submission is frivolous, vexatious or offensive in character, and such a decision shall be reported to the Senate.

(3) If the committee decides to consider a submission under this resolution, the committee may confer with the person who made the submission and any senator who referred in the Senate to that person.

(4) In considering a submission under this resolution, the committee shall meet in private session.

(5) The committee shall not publish a submission referred to it under this resolution or its proceedings in relation to such a submission, but may present minutes of its proceedings and all or part of such submission to the Senate.

(6) In considering a submission under this resolution and reporting to the Senate the committee shall not consider or judge the truth of any statements made in the Senate or of the submission.

(7) In its report to the Senate on a submission under this resolution, the committee may make either of the following recommendations:

- (a) that no further action be taken by the Senate or by the committee in relation to the submission; or
- (b) that a response by the person who made the submission, in terms specified in the report and agreed to by the person and the committee, be published by the Senate or incorporated in Hansard,

and shall not make any other recommendations.

(8) A document presented to the Senate under paragraph (5) or (7):

(a) in the case of a response by a person who made a submission, shall be succinct and strictly relevant to the questions in issue and shall not contain anything offensive in character; and

(b) shall not contain any matter the publication of which would have the effect of:

- (i) unreasonably adversely affecting or injuring a person, or unreasonably invading a person's privacy, in the manner referred to in paragraph (1); or
- (ii) unreasonably adding to or aggravating any such adverse effect, injury or invasion of privacy suffered by a person.