

**Senate Finance and Public Administration Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**Budget Estimates Hearing 25-29 May 2015**

**Prime Minister and Cabinet Portfolio**

**Department/Agency:** Department of the Prime Minister and Cabinet  
**Outcome/Program:** Outcome 2: Indigenous  
**Topic:** Indigenous Advancement Strategy

**Senator:** Senator the Hon Jan McLucas

**Question reference number:** 292

**Type of question:** written

**Date set by the committee for the return of answer:** 10 July 2015

**Number of pages:** 1

**Question:**

What is the Government's position on providing funding to organisations that are trading insolvent?

What procedures are in place to ensure that organisations that have been offered a portion of their previous funding under the IAS do not trade insolvent as a result?

**Answer:**

The Indigenous Advancement Strategy (IAS) processes include governance and financial management assessments and appropriate risk mitigation strategies are in place where the organisation has financial or governance issues.

Procedures to address solvency risks are determined on a case by case basis. Each organisation has been subject to a risk assessment as part of the selection process. A full financial assessment has been conducted on each organisation recommended for funding under the IAS where the risk assessment has identified a potential concern with the organisation's financial management, governance or performance.

The outcome of the full financial assessment will inform decisions on whether funding should proceed and, if so, the additional conditions that will be negotiated as part of the funding agreement (for example, conditions which require more frequent financial reporting). Other mitigation strategies that may be employed include paying grant funding on the delivery of outcomes (rather than in advance), and enhanced performance monitoring.