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14 MAY 2003

Mr Geoff Clark
Chairman
ATSIC
PO Box 17
Woden ACT 2606

Dear Chairman

During recent discussions on the Government's decision on governance and the separation of powers, the question was raised with me whether I would consider rescinding the Conflict of Interests Directions that I recently gave to the Commission. I undertook to consider the matter and inform relevant elected officeholders of my intentions.

Having considered the matter, I have concluded that the Conflict of Interests Directions should remain in place for the foreseeable future. They have been welcomed by both Indigenous people and the community more generally. The Federal Court has also recently upheld the validity of the Directions. The Directions, together with the separation of powers arrangements to apply from 1 July 2003, will help restore public confidence in ATSIC by addressing any lingering perceptions of conflicts of interests.

The Conflict of Interests Directions were intended to prevent ATSIC from funding organisations of which full-time ATSIC officeholders are Directors or in which they have a controlling interest. I will be taking steps to ensure that the new executive agency, Aboriginal and Torres Strait Islander Services (ATSIS), similarly will not be able to fund such organisations. Affected Commissioners or Regional Council Chairs will therefore need to consider whether to relinquish their ATSIC position or their directorships to ensure that their organisation can be considered for new funding for the financial year 2003-04.

I will also be taking steps to ensure that the intent of the Directions, as it applies to administrative staff of ATSIC, will be carried across to staff exercising delegations in ATSIS, to commence on 1 July 2003. This will mean that staff exercising delegations to approve funding for organisations will not be able to be a Director of, or have a controlling interest in those organisations.

It would be my intention to review the continuing relevance of the Directions in 2004, following any changes resulting from the ATSIC Review.

Yours sincerely

Philip Ruddock