



Australian Government

Australian Government response to the Senate Finance and Public
Administration References Committee Report:
Commonwealth Indigenous Advancement Strategy tendering
processes

September 2016

INTRODUCTION

The Government welcomes the opportunity to respond to the findings and recommendations of the Senate Finance and Public Administration References Committee's ('the Committee') report.

The Australian Government is committed to improving outcomes for Aboriginal and Torres Strait Islander peoples. Through the Indigenous Advancement Strategy (IAS), the Government is investing in programmes to deliver outcomes for Aboriginal and Torres Strait Islander peoples in the areas of education, employment, economic development, social participation, and healthy and safe homes and communities.

In the 2015-16 Budget, the Australian Government allocated \$4.9 billion to the IAS, over four years to 2018-19. This included longer term commitments already in place such as the Working on Country Programme.

The IAS is designed to manage a more strategic investment in Indigenous funding that focuses on achieving measurable outcomes and improving the way Government does business, including simpler programme arrangements with less red tape. It directs effort where it is most needed, and tailors funding to solve localised issues rather than imposing a one size fits all solution.

Before the introduction of the IAS, an inquiry as conducted by the Committee would have been extremely difficult.

The implementation of the IAS has fundamentally transformed the way Indigenous programmes are funded and managed. As a result of the open grant round, for the first time ever, a government has a clear picture about where taxpayers' funds are being spent and which service providers are receiving that funding. The Government has carefully considered the Committee's report and provides its response to each of the recommendations in the table below.

The Government acknowledges that the processes associated with the 2014 IAS open grant round can be improved. The Department of the Prime Minister and Cabinet (the Department) has been working methodically to address many of the issues and concerns raised in relation to the first open grant round.

The Department listened to the criticisms and concerns, and has made improvements to the IAS, and to the way the Department communicates and engages with Indigenous communities and other stakeholders. On 21 March 2016, following consultations across the country, the Department published revised IAS Grant Guidelines. The new Guidelines are clearer for potential applicants, reduce red tape, and should result in better, more targeted service delivery on the ground.

While recognising there are improvements to be made, this is also the time to recognise the successes of the IAS and the improvements the IAS made to dysfunctional and opaque funding arrangements for Indigenous programmes administered under previous governments.

Through the 2014 IAS open grant round, over \$1 billion was provided to almost one thousand organisations to deliver more than 1350 projects throughout Australia. Indigenous organisations received the largest slice of the grant round funding—55 per cent of the total. A significant proportion of this money supports the delivery of front line services to Indigenous families and communities. Only 1 per cent of grants under the IAS 2014 Grant Round were of less than 12 months duration indeed, nearly 80 per cent (78%) of all grants under the round were for 2 years or more. In addition only 1 per cent of all grants under the round were for small amounts of under \$15,000.

Half of the funding (50%) provided under all Indigenous grants has been contracted to Indigenous organisations with the proportion of funding under the grant round going to Indigenous organisations higher at 55 per cent, this is up from 30% prior to the IAS. Across the 5 programmes nearly half or more of the funding under all Indigenous grants has been provided to Indigenous organisations in all programmes apart from Children and Schooling. The low proportion of funding (33%) going to Indigenous service providers under Children and Schooling partly reflects the fact that funding is sometimes provided direct to schools and universities, and that Indigenous organisations do not play a large role in some of the services supported under the IAS such as scholarship programmes. If grants under Children and Schooling are excluded then 55 per cent of all funding under the IAS has been provided to Indigenous organisations.

The Government is confident moving forward the IAS will deliver the long-term and sustainable outcomes Indigenous communities want and deserve.

The Committee's report provided findings and recommendations that the Government will take into consideration to improve grants processes. The Government also notes that the extended reporting period for the Committee resulted in many of the issues raised in the early stages of the Committee being responded to by the time of reporting. This included as part of some improvements the Government introduced following the revision of the IAS Guidelines. The revision of the guidelines included 17 public forums. The revised guidelines were released on 21 March 2016.

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Recommendation	Government Response
<p>Recommendation 1:</p> <p>The committee recommends that future tender rounds are not blanket competitive processes and are underpinned by robust service planning and needs mapping.</p>	<p>Noted</p> <p>The Government introduced the Indigenous Advancement Strategy (IAS) in response to the previous arrangements where a myriad of Indigenous specific programmes were administered across multiple Commonwealth agencies.</p> <p>While the 2014 IAS open grant round was a significant undertaking particularly for Aboriginal and Torres Strait Islander communities and the service sector, it did, for the first time, enable the Government to gain a picture of grant investment in a way that had not been possible previously.</p> <p>The choice of the most appropriate grant funding mechanism to address a particular need will be considered on a case by case basis and is a decision for the Government; and while future open competitive rounds cannot be ruled out it is anticipated that grant funding mechanisms under the 2016 IAS Guidelines outside of open grant rounds will be utilised.</p>
<p>Recommendation 2:</p> <p>The committee recommends that future tendering processes should be planned strategically, with a clear sense of service gaps and community need based on consultation with local services and communities. A tendering or alternative funding process should be conducted in a manner which enhances the capacity of organisations to meet community needs.</p>	<p>Noted</p> <p>In addition to the response for Recommendation One the 2016 IAS Guidelines already include the introduction of the Community Led grants process which allows Indigenous communities and providers to apply at any time for funding to address emerging opportunities or community need.</p> <p>Under the IAS, service gaps and community need are able to be considered in more detail as government has a better understanding of existing funding provided to the community.</p> <p>The Department has a network of regional offices across Australia, referred to as the PM&C Regional Network. The Regional Network is continually engaging with communities and organisations. From this engagement, the network continues to support and assist communities identify their needs, aspirations and goals.</p> <p>The Regional Network works in partnership with Aboriginal and Torres Strait Islander peoples and other stakeholders to support the development and implementation of tailored innovative local solutions to the challenges facing Indigenous Australians and Indigenous communities. The 2016 IAS Grant Guidelines support these partnerships, particularly through the Community Led Grants process.</p>

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<p>Recommendation 3:</p> <p>The committee recommends that future selection criteria and funding guidelines should give weighting to the contribution and effectiveness of Aboriginal and Torres Strait Islander organisations to provide to their community beyond the service they are directly contracted to provide.</p>	<p>Noted</p> <p>The revised IAS Guidelines already include strengthened assessment criteria that relate to:</p> <ul style="list-style-type: none"> • the extent to which the Indigenous community supports a proposal and has been involved in the development of the proposal. • the organisation has, or can build, positive relationships with Aboriginal and Torres Strait Islander Indigenous Australians, community organisations and other key stakeholders in the delivery of the proposed activity. <p>Aboriginal and Torres Strait Islander organisations will generally be well placed to provide strong responses to the assessment criteria relating to support from Indigenous communities and capacity to build positive relationships with Indigenous Australians.</p> <p>In general, these assessment criteria have an equivalent weighting to each of the other assessment criteria. However, the IAS Guidelines also note that, in cases where the Department prioritises particular assessment criteria, details of the relative weighting of criteria and the treatment of these in the assessment process will be provided in the relevant application kit. It should also be noted that half of the funding (50%) provided under all Indigenous grants has been contracted to Indigenous organisations with the proportion of funding under the grant round going to Indigenous organisations higher at 55 per cent, this is up from 30% prior to the IAS.</p>
<p>Recommendation 4:</p> <p>The committee recommends that where possible and appropriate, longer contracts be awarded to ensure stability so that organisations can plan and deliver sustainable services to their communities.</p>	<p>Agreed</p> <p>The Government supports the principle that, where possible and appropriate, longer term contractual periods for awarded grants can contribute to improved stability for provider organisations.</p> <p>At the same time, an appropriate period depends on a range of factors including the capacity of the organisation to deliver and the nature of the project. Funding agreement periods are decided on a case by case basis.</p> <p>More than 90 per cent of the \$1 billion in funding provided through the 2014 open grant round was contracted for two or more years.</p>
<p>Recommendation 5:</p> <p>The committee recommends that the Department of the Prime Minister and Cabinet improve its overall Indigenous Advancement Strategy communication plan to ensure that</p>	<p>Agreed</p> <p>The Department acknowledges that there could have been improvements in communications during the 2014 Indigenous Advancement Strategy (IAS) open grant round.</p>

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<p>all stakeholders are fully informed and have access to clear and timely information.</p>	<p>Since the 2014 grant round the Department has made significant improvements to the IAS, and to the way the Department communicates and engages with Indigenous communities and other stakeholders. These improvements are demonstrated through the revised 2016 IAS Guidelines and the ongoing work of the Regional Network.</p> <p>The 2016 IAS Grant Guidelines and associated documents seek to make it simpler for Aboriginal and Torres Strait Islander peoples, communities and service providers to apply for funding and administer grants under the IAS. The Guidelines provide clearer information on IAS programmes, application processes and improved assessment criteria. Application processes have been simplified through the introduction of the new online application form.</p> <p>Through the Regional Network the Department is continuing to support the development of stronger relationships between local Aboriginal and Torres Strait Islander peoples, communities, service providers and local PM&C Regional Network offices. This will enable improved communication between applicants and current providers at a local level.</p> <p>The Department is exploring different ways in which we can better engage with Aboriginal and Torres Strait Islander peoples and communities, through enhancing the role of the Regional Network. This follows on from the more focused engagement that was conducted in late 2015 around the review of the IAS Grant Guidelines.</p>
<p>Recommendation 6:</p> <p>The committee recommends that the full internal review of the Indigenous Advancement Strategy process undertaken and facilitated by the Department of the Prime Minister and Cabinet be made public.</p>	<p>Noted</p> <p>As a matter of standard practice, the Department undertook an internal post implementation review of the 2014 IAS open grant round.</p> <p>The final report was provided to the Department in August last year, and the executive summary, conclusion and Department’s response to the recommendations were provided to this Committee after the Supplementary Estimates hearing in October 2015 (QON61).</p>
<p>Recommendation 7:</p> <p>The committee recommends that the Government release the revised funding guidelines as a draft for consultation with Aboriginal and Torres Strait Islander communities and their organisations.</p>	<p>Completed</p> <p>The revised Guidelines were published on the Department’s website on 21 March 2016.</p> <p>In reviewing the Guidelines, the Department undertook significant consultation with Aboriginal and Torres Strait Islander people and organisations. Feedback from a variety of sources on the operation of the 2014 IAS open grant round and the IAS Guidelines was considered within the review process, including:</p> <ul style="list-style-type: none"> • The Department held 17 public forums across Australia in late 2015, which attracted

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	<p>over 500 people.</p> <ul style="list-style-type: none"> • The Department met with seven national peak bodies which represented over 500 organisations. • Detailed consideration of the 86 submissions provided to the committee as part of the Inquiry. • Consideration of issues raised by applicants and other stakeholders through the Department's 1800 number and the IAS email inbox. <p>The Department will continue to talk with providers and communities to ensure successful implementation of the revised IAS Grant Guidelines.</p> <p>The IAS Grant Guidelines are not static documents, and as part of best practice grants administration, the Department will continue to review and improve the Guidelines to ensure stakeholders have less red tape and better information available.</p>
<p>Recommendation 8:</p> <p>The committee recommends that Government prioritise investment in capacity building and support for smaller community controlled organisations in future tender processes.</p>	<p>Noted</p> <p>The revised 2016 IAS Grant Guidelines provide three key grant funding mechanisms:</p> <ul style="list-style-type: none"> • Department approaches organisation (direct source) • Department invites applications (open and targeted grant processes) • Department responds to community led proposals. <p>The 2016 IAS Guidelines and application kits outline funding objectives and selection criteria for grant applicants. Applicants must respond the selection criteria and demonstrate their project proposals align with the objectives of the IAS.</p> <p>The Government's priority for Aboriginal and Torres Strait Islander communities and the services funded under the IAS are that these services be delivered by the organisations best able to deliver the service. However the Government recognises that Indigenous community organisations should be a priority as they are more likely to operate with the community in mind and more likely to employ Indigenous staff.</p> <p>The Government's revised IAS Guidelines support small Indigenous community organisations by ensuring one stream of funding, the Community Led stream, demonstrate community support in the development of the application.</p> <p>Additionally the Department supports organisations through the Regional Network, noting that probity requirements need to be taken into consideration.</p>

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<p>Recommendation 9:</p> <p>The committee recommends that the Government act immediately to address the 30 June 2016 funding deadline for organisations.</p>	<p>Agree and completed</p> <p>The Government worked closely with organisations in the lead up to 30 June 2016 and adequate notice was provided to organisations in relation to their funding. Funding was extended to maintain and improve frontline service delivery.</p>

Additional Recommendations: Australian Greens

Recommendation	Government Response
<p>The Government reinstate the funding to Aboriginal and Torres Strait Islander peoples' programs cut by the Abbott/Turnbull Government.</p>	<p>Not Agreed</p> <p>Whilst some savings were taken as budget repair and in recognition of the reduction of duplication, red tape and inefficiency delivered by the IAS, the Government reinvested a considerable amount of this into policy priorities for Indigenous Affairs.</p> <p>The savings measure from the Indigenous Affairs portfolio did not impact frontline services and was achieved through a reduction of duplication, red tape and inefficient programmes.</p>
<p>The Government address the remaining funding gaps from the IAS funding rounds, including funding legal services in the Barkly region.</p>	<p>Not agreed</p> <p>Through the IAS open grants round, funding for PM&C funded legal services has been maintained. This includes funding for 14 family violence prevention legal service providers, six supplementary legal assistance providers, and eight Indigenous women's legal services including Central Australian Women's Legal Services.</p> <p>Additionally, the Attorney-General's Department provides funding to Aboriginal and Torres Strait Islander Legal Services through the Indigenous Legal Assistance Programme.</p>