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Members in attendance: Senators Dodson, Hanson, McAllister, McCarthy, McMahon, O'Sullivan, Paterson, Scarr, Siewert.
CROSS-PORTFOLIO INDIGENOUS MATTERS

In Attendance

Senator Seselja, Assistant Minister for Finance, Charities and Electoral Matters

National Indigenous Australians Agency

Overview

Mr Ray Griggs AO CSC, Chief Executive Officer
Professor Ian Anderson AO, Deputy Chief Executive Officer

Corporate Division

Ms Rachael Jackson, Chief Operating Officer
Mr Brendan Jacomb, Chief Lawyer, Legal Services
Ms Sita Jackson, Branch Manager, Business and People Services
Mr Samuel Volker, Branch Manager, Chief Financial Officer and IT Strategy Branch

Education, Community Safety and Health Division

Mr Blair Exell, Group Manager, Education
Ms Jessica Foote, Branch Manager, Health and Wellbeing
Ms Carita Davis, Branch Manager, School Readiness and Family Engagement

Recognition, Policy and Empowered Communities and Closing the Gap Division

Mr Jamie Fox, Group Manager, Recognition
Mr Robert Ryan, Branch Manager, Recognition and Empowerment
Ms Tarja Saastamoinen, Branch Manager, Closing the Gap
Mr Sam Jeffries, Special Adviser, Regional Governance Recognition

Housing, Land and Culture Division

Mr Ryan Bulman, Group Manager, Housing, Land and Culture Division
Ms Maya Stuart-Fox, Branch Manager, Land Policy
Mr Wayne Beswick, Branch Manager, Land Housing
Mr Jane Christie, Branch Manager, Housing
Ms Andrea Kelly, Branch Manager, Culture

Program Office Division

Ms Jennifer Collard, Group Manager
Ms Cha Jordanoski, Acting Branch Manager, Grant Performance, Assurance and Compliance
Dr John Walker, Branch Manager, Select, Support and Report
Mr Andrew Huey, Acting Branch Manager, Grant Design
Ms Anne-Marie Lynch, Branch Manager, Establish and Manage

Community and Economic Development Division

Ms Chloe Bird, Group Manager
Mr Craig Dunkeld, Branch Manager, Community Development Program Strategy
Mr Neil Williams, Branch Manager, Business and Economic Policy
Mr Paul Denny, Branch Manager, Community Development Program Operations

Employment, Environment and Evaluation Division

Dr Jessica Hartmann, Acting Group Manager
Ms Sarah Clough, Branch Manager, Employment Branch

Reform Unit

Ms Letitia Hope, Group Manager, National Indigenous Australians Agency Reform Unit
Ms Justine Fievez, Branch Manager, People, Functions and Business
National Indigenous Australians Agency Regional Network
   Mr Kevin Brahim, Deputy National Director, Regional Network
   Ms Rachel O'Connor, Branch Manager, Place, Program and Coordination Branch
   Ms Andy Johnston, Branch Manager, Major Economic Initiatives and Strategy Branch

Indigenous Land and Sea Corporation
   Mr Leo Bator, Group Chief Executive Officer
   Ms Tricia Stroud, Deputy Chief Executive Officer
   Mr David Silcock, Chief Operating Officer
   Mr Trevor Edmond, General Counsel

Northern Land Council
   Ms Marion Scrymgour, Chief Executive Officer
   Mr Patricia Rigby, Manager, Community and Stakeholder Engagement
   Ms Robert Gosford, Manager, Communications and Research

Outback Stores Pty Ltd
   Mr Michael Borg, Executive Officer
   Mr Jayveer Rathore, Chief Financial Officer

Department of Health
   Ms Caroline Edwards, Deputy Secretary, Health System Policy and Primary Care Group
   Mr Gavin Matthews, First Assistant Secretary, Indigenous Health Division
   Dr Lucas De Toca, Assistant Secretary, Health Plan, Early Years and Engagement Branch,
   Indigenous Health Division
   Ms Meredeth Taylor, Assistant Secretary, Chronic Disease, Infrastructure and Program
   Support Branch, Indigenous Health Division
   Ms Kate Thomann, Assistant Secretary, Primary Health, Data and Evidence Branch,
   Indigenous Health Division
   Mr Mark Roddam, First Assistant Secretary, Mental Health Division
   Mr Graeme Barden, Assistant Secretary, Residential and Flexible Care Branch,
   Residential and Flexible Aged Care Division
   Mr David Laffan, Assistant Secretary, Alcohol, Tobacco and Other Drugs Branch,
   Population Health and Sport Division

Committee met at 09:00

CHAIR (Senator Paterson): Good morning. I declare open this meeting of the Senate
Finance and Public Administration Legislation Committee. Today the committee will
continue its supplementary budget estimates 2019-20 hearings with a cross-portfolio
examination on Indigenous matters. The committee may also examine the annual reports
of the departments and agencies appearing before it. The committee has fixed 6 December 2019
as the date for the return of answers to questions taken on notice. The committee will begin
with an examination of Prime Minister and Cabinet Indigenous portfolio agencies as listed on
the program, including the National Indigenous Australians Agency. Once the committee has
worked through the NIAA’s program, the committee will examine Indigenous health issues,
where the Department of Health will join officers from the NIAA.

Under standing order 26, the committee must take evidence in public session. This includes
answers to questions on notice. I remind all witnesses that in giving evidence to a committee
they are protected by parliamentary privilege. It is unlawful for anyone to threaten or
disadvantage a witness on account of evidence given to a committee, and such action may be
treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee.

The Senate, by resolution in 1999, endorsed the following test of relevance of questions at estimates hearings. Any questions going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purpose of estimates hearings. I remind officers that the Senate has resolved there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. 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 will be incorporated into 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)

CHAIR: Witnesses are specifically reminded that a statement that information or a document is confidential or consists of advice to government is not a statement that meets the requirements of the 2009 order. Instead, witnesses are required to provide some specific indication of the harm to the public interest that could result from the disclosure of the information or the document.

The Senate has resolved also that an officer of the department of the Commonwealth shall not be asked to give opinions on matters of policy, and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted.

I ask everyone in the hearing room to switch off or turn to silent your mobile phones and other devices. Officers are requested to keep opening statements brief or seek to incorporate longer statements into the Hansard. I welcome Senator the Hon, Zed Seselja, Minister representing the Minister for Indigenous Affairs; Mr Ray Griggs AO CSC, Chief Executive Officer, National Indigenous Australians Agency; and Mr Leo Bator, Group Chief Executive Officer, Indigenous Land and Sea Corporation. I note Mr Bator's recent appointment as group CEO, and of course Mr Griggs' appointment as the head of the agency—the first time we're hearing the agency before Senate estimates, so welcome. Minister, do you wish to make an opening statement?

Senator Seselja: No, I don't.

CHAIR: Mr Griggs, do you wish to make an opening statement?

Mr Griggs: I will when we get to the NIAA session, if that's all right.

CHAIR: Thank you. Mr Bator, do you wish to make an opening statement?

Mr Bator: I do.

CHAIR: Please go ahead.
Mr Bator: Good morning. Thank you for the opportunity to make this short opening statement. Since our February attendance at Senate estimates, the ILSC has tabled its first National Aboriginal and Torres Strait Islander land and sea strategy 2019-2022 and our 2019-20 corporate plan. Our 2018-19 annual report was tabled in parliament on 22 October, reporting a number of key achievements. For the first time in eight years the ILSC has exceeded both its acquisition and divestment PBS targets.

Our efforts in 2018-19 to rebalance our investment towards acquisition have seen a total of seven acquisitions approved, with two to settle this financial year, and assistance to acquire commercial pipi quotas. We have continued to focus on quick divestments, with three of the seven properties divested in 2018-19 being those which were acquired and immediately divested. We are pleased to realise the divestment of Myroodah Station, a property which the ILSC held for some 20 years. The divestment of Myroodah has fuelled our efforts to realise divestment of other properties that the ILSC has held for more than 10 years. More than 90 per cent of the properties currently held by the ILSC have active divestment plans in place. Those without divestment plans have been either recently acquired or returned to the ILSC, and the ILSC is currently developing divestment plans for them.

We remain focused on realising the benefits of our extended remit into water. Since February, the ILSC has committed $7.2 million into water based activities, with a further $3.1 million in the pipeline. Current investment activities include supporting Indigenous groups with pipi wild harvesting, breeding of freshwater prawns and infrastructure to support sea cucumber enterprises. We recently released a new ILSC agribusiness investment program and expect it to result in further opportunities in aquaculture markets. The investment program supports the ILSC’s new business model, which is based on partnering and brokering private investment and capability to support new and growing Indigenous land and water enterprises.

The ILSC continues to reduce its sole-operating activities, looking instead to other roles it can play to support Indigenous groups to grow and develop the Indigenous estate. Our first NILSS—National Aboriginal Land and Sea Strategy—demonstrated a considered approach to our new remit. It followed consultations with stakeholders in April and May. In recognising the significance of our new legislative change, we have committed to further stakeholder consultations in 2020 with a view to refreshing our NILSS. This will ensure the ILSC’s strategic approach in water continues to mature and is responsive to the needs and opportunities and aspirations of Indigenous groups.

The ILSC remains on its strategic growth of continuous business improvement in order to meet the growing demands of the Indigenous estate. To this end, we have tripled our investment activities across projects approved, funds committed and funds spent; we’ve reduced the time between groups applying for assistance and when investment decisions are made; and we’re working to get properties ready to divest through increased capital investments and increased divestment planning efforts with the future title-holding bodies.

Finally, the ILSC now sits in a healthy financial situation, giving us capacity to execute our new growth agenda underpinned by our leasing purposes. With healthy cash reserves, the ILSC has committed to spend more than $150 million in acquisition and land management of country over the next three years. We are primed to invest significantly in acquiring and returning land and sea country to the Indigenous estate and working with Indigenous partners.
to manage land and sea country while building their capabilities. Thank you for this opportunity to make an opening address, Chair. We welcome your questions.

Senator SIEWERT: Can we get the statement tabled? There were some figures in it that I wasn't quick enough to get down. Instead of asking you to repeat them, can you—

CHAIR: Yes; that would be very helpful, Mr Bator, if you are able to table that.

Mr Bator: My pleasure.

Senator SIEWERT: Thank you.

Senator DODSON: I've had a quick look at your strategic plan. I love the pictures and I love the direction you're going, quite frankly. It's a breath of fresh air that there's a clear strategy that has been laid out, and that there will obviously be reviews of it into the future. I want to ask some questions about the accounts basically. The balance of the funds in your land account was transferred from the PM&C to the Aboriginal and Torres Strait Islander Land and Sea Future Fund—is that right?

Mr Bator: That is correct.

Senator DODSON: How much was transferred?

Mr Bator: It was just under $2 billion. I can get that exact figure. That was in February this year.

Senator DODSON: Yes, 1 February. What conditions, if any, were attached to that transfer? You've transferred it to another group of people to run and manage it.

Mr Bator: Yes.

Senator DODSON: So I want to get clarity about that.

Mr Bator: Okay. A mandate, which has recently been published by the Future Fund, was prepared for how that money will be invested going forward. I might pass that question on to our chief operating officer, David Silcock.

Mr Silcock: In the investment mandate direction that's been released, the Future Fund board created a direction whereby the benchmark return would be CPI plus two to three per cent. Leo and I had a meeting with the Department of Finance a couple of weeks ago, and the Future Fund board have carefully considered during the year how to invest the funds. For the period through to 30 September, the funds have been coming off their maturity from previous investments through the land account, and this consideration by the Future Fund board means that there was an arrangement with the Medical Research Future Fund whereby a portion of the funds, up to 90 per cent, would be put into the Medical Research Future Fund from 1 October.

Senator DODSON: Is that mandate public?

Mr Silcock: It is, yes.

Senator DODSON: Are you able to table that with us or tell us where to find it? Is it on your website?

Mr Silcock: It's on the Future Fund's website.

Mr Bator: We can get that to you, Senator.
Senator DODSON: Thank you. What returns do you expect from this investment? Having made this transition, so that it's now in the hands of the Future Fund managers, what returns are you expecting, given that you were locked into a bank interest rate previously?

Mr Silcock: For the period ending 30 September, the return from when the funds were transferred to the Future Fund was 1.3 per cent, which reflects the fact that they've been invested in cash-like investments, but then, going forward, the Medical Research Future Fund has generated a higher return. We would hope that the benchmark for the ATSILS Future Fund would be met, which would be the CPI plus two to three per cent.

Senator DODSON: You say you hope it would be met. Is that the way it's trending?

Mr Bator: I think the Medical Research Future Fund is trending slightly above that.

Senator DODSON: So you expect to get the return at the rate which you've set down?

Mr Bator: We do, yes.

Senator DODSON: I think the new Indigenous Land and Sea Corporation Funding Special Account is the account that you actually get the drawdowns into—is that right?

Mr Silcock: Formerly through PM&C and now through NIAA, I think.

Senator DODSON: But how does that work now?

Mr Silcock: I believe there's a transfer from the Future Fund to that special account and then through to the Indigenous Land and Sea Corporation.

Senator DODSON: Is that special fund account your account or is that the PM&C account?

Mr Silcock: I believe that's the PM&C account.

Senator DODSON: So money goes from the Future Fund to the PM&C and it sits in that account. Then how do they replenish or pay into your corporation in order for you to perform your functions?

Mr Silcock: There's an immediate transfer. I think funds left the Future Fund on 30 September and we received them on 1 October.

Senator DODSON: Where do you deposit your funds when you receive them?

Mr Silcock: We have a bank account, but we also have term deposits that we put money into.

Senator DODSON: So your bank account would have the commercial rates of return?

Mr Silcock: Yes, the cash rate is the return for the bank account.

Senator DODSON: Your deposit is for what term?

Mr Silcock: It could be 30 days, 60 days or 90 days.

Senator DODSON: So they're not long term; they're short-term?

Mr Silcock: Correct.

Senator DODSON: Once you've got the funds under your control, what's the capital position? What do you operate from when you receive the funds? It used to be $50 million. Has it moved away from that? Has it gone up or gone down? What is it?
Mr Silcock: The amount that we receive is indexed according to the CPI each year based on a starting figure of $45 million from 2010. We received $54 million on 1 October this year.

Senator DODSON: That's up to $54 million a year. To whom is that available? I know you have a sea and a land component, but what I want to understand is: is it primarily for First Nations peoples or do you invest in non-First-Nations peoples?

Mr Silcock: Primarily in First Nations people.

Senator DODSON: But that doesn't preclude JVs and things like that?

Mr Silcock: No, it wouldn't preclude a joint venture.

Senator DODSON: What amount of funds have been spent since 1 February?

Mr Bator: By the ILSC?

Senator DODSON: By the ILSC, yes. I presume you're the blokes who spend it.

Mr Bator: Of our expenditure that we would normally—

Senator DODSON: Yes, of you meeting your obligations. So what amount of the $54 million have you spent since February?

Mr Bator: We'd have to take that on notice. We normally operate on an annual basis, and we have figures; they're unavailable. The reason you're asking that question is to understand how we might have spent compared to what was earned during that period—

Senator DODSON: Yes. And, obviously, in what domains. In your opening statement, you mentioned you spent about $10.4 million, I think, on sea projects.

Mr Bator: Yes.

Senator DODSON: Presumably the balance has gone somewhere else. That's what I'm trying to get clarity on.

Mr Bator: You want to know how we spent the money throughout the year.

Senator DODSON: Yes.

Mr Bator: Specifically from 1 February, or throughout the year?

Senator DODSON: Throughout the year—that could be useful—and, again, the split, as you did in the opening statement, between water and land projects. I notice you mentioned that over the next three years—is it?—

Mr Bator: Yes.

Senator DODSON: you hope to spend $150 million.

Mr Bator: Yes.

Senator DODSON: On land acquisitions or land matters?

Mr Bator: Land and water.

Senator DODSON: So that's about $50 million a year?

Mr Bator: Yes.

Senator DODSON: Then that leaves you with $4 million to do other things.

Mr Bator: Well, we actually—
Senator DODSON: If your drawdown stays at $54 million and you're going to spend $50 million on land acquisitions in one form or another, it leaves you with $4 million to respond to other things. Just tell me if I've got the correct interpretation.

Mr Bator: That sounds about right. But we actually have carryover funding as well that we are committing.

Senator DODSON: So you're not operating off the fixed capital base?

Mr Bator: No, we have additional money that we've had from previous years that we're now putting into it, so our annual expenditure going forward will be slightly more than $54 million per year.

Mr Silcock: Yes.

Mr Bator: We've got some program expenditure, but I can get further details exactly as you've asked.

Senator DODSON: Thanks very much. How often is your fund topped up? Is it topped up once, quarterly or—

Mr Bator: Annually, from the Future Fund.

Senator DODSON: I presume it's being topped up by your other investments?

Mr Bator: Other matters—

Senator DODSON: Other interests and other things you've got.

Mr Bator: Yes.

Senator DODSON: Does how much you get in the top-up depend on the returns of the Future Fund, or is that related to your expenditure?

Mr Bator: No, that's a fixed amount plus CPI coming through to us from the Future Fund.

CHAIR: Senator Dodson, sorry to interrupt you, but we only had 20 minutes scheduled for this witness and I believe both Senator Siewert and Senator Hanson have questions for this witness.

Senator HANSON: Yes, thank you, can I speak next?

Senator DODSON: Thank you, Chair. I'm terribly interested, and I'm sorry I've been cut off.

CHAIR: Fair enough.

Senator DODSON: Maybe I'll come back. Maybe we can have a full day in the future rather than a couple of hours.

Senator SIEWERT: Let's talk about that. Do I interpret what you said in your opening statement as: the new policy is to try and divest as quickly as possible, rather than, as you talked about, holding a property for 20 years. Is that the intent?

Mr Bator: Absolutely. Our mandate is to acquire and divest. Our process will be to try to get that into the divestment state as quickly as possible through working—in terms of either building up capability of people for whom the property was acquired and/or finding other investors to allow for that to be developed further.

Senator SIEWERT: As you develop the plans for purchase you'll also be developing plans for divestment, is that—
Mr Bator: Correct. Absolutely.

Senator SIEWERT: In terms of identifying properties what's the process that you're going to be using for further identifying properties for acquiring and divesting? do you go out widely and consult? Is there a more formal process now of looking at communities that also have maybe not benefited as much as others, for example?

Ms Stroud: Typically, our land and our water rights acquisition program is application based, so a group will come to us. They will bring to us a need for land or water rights and we will start the process with them. We have, over the last two years, done an extensive analysis of where our investment has been—rural, remote, urban and nationally. It's fair to say we do have a strategy of deliberately looking and garnering more interest and assessing needs of Indigenous groups in areas where we haven't invested a lot. We are conscious of groups coming to us in areas that we have invested in heavily previously and that is part of the weighing up. We do target marketing, if you like, of our program in those areas where we want more applications from groups.

Senator SIEWERT: Could you take on notice, because I'm very conscious of time, the areas that you are targeting? Is Bourke one of those? What's the situation around Bourke? You can't tell me that right now or do you have a little bit of information now?

Ms Stroud: Not Bourke specifically, but I can confirm that that western region of New South Wales, starting from Dubbo and getting further out, has been a priority focus for us. There has been quite a bit of activity in there over the last couple of months, in terms of really analysing what are the opportunities and what is the needs of Indigenous groups out there.

Senator SIEWERT: I've had contact around the need for communities out there to acquire some land. So, if you could, overall across Australia, but in particular that western New South Wales region, that would be very much appreciated.

Ms Stroud: Will do.

Senator SIEWERT: Does that include your acquisition with the new sea mandate, which I'm very excited about. That's different, because you haven't really been there before. Could you also do not just land but sea as well in terms of priorities for action? Thank you.

Senator HANSON: I want to ask some questions about the land and sea council. With regard to the water rights, can you explain what that actually means, the water rights, under the terminology of land and sea?

Mr Bator: Water on land and on the ocean as well. It includes both freshwater and saltwater.

Senator HANSON: What rights does it give to the council?

Mr Bator: I'll ask my General Counsel for that technical advice for you.

Mr Edmond: The legislation amendments introduced two concepts, water in relation to geographical area but also water as the concept of the physical aspect of water itself. So the definition of water-related rights extends to cover water to the extent of the Australian economic zone out to the limits of that as well as internal waters.

Senator HANSON: Just define that. We're talking about rights from the low-tide mark and three nautical miles. Every state has state water rights and, beyond the three nautical
miles mark, you have the Commonwealth waters. Under this, it's the rights from the low-tide watermark to three nautical miles in the states. Is that correct?

Mr Edmond: Yes. It's to the outer limits of the exclusive economic zone of Australia.

Senator HANSON: So it goes beyond the three kilometres?

Mr Edmond: Yes.

Senator HANSON: That's the ownership, or their control, their right to that water, and it includes the oceans?

Mr Edmond: Includes the geographical area of the ocean. The definition of 'water related rights' extends to activities—not only to take or receive water but also to undertake activities on water. So that includes activities out to the extent of the economic zone in the ocean.

Senator HANSON: It includes land and underground water, doesn't it?

Mr Edmond: Yes, it does.

Senator HANSON: What rights does it give to the land and sea council? What does it enable them to do?

Mr Edmond: It does not fundamentally confer any additional rights. It allows the corporation to acquire, on behalf of the Indigenous estate, the right to take and receive water, the right to retain and use water, the right to take resources from water, such as fishing, and the right to undertake an activity in or on waters. So, just as we previously had the ability to acquire land to divest, we now have the ability to acquire water related rights—those activities again to divest for the benefit of the Indigenous estate.

Senator HANSON: If the water is acquired, then that water can be on-sold to anyone, can't it?

Mr Edmond: Our remit is to acquire to divest to Indigenous individuals. We have a very limited power of sale—

Senator HANSON: But it can be sold?

Mr Edmond: It can. We have provisions in relation to assets that we divest not being able to be sold or on-transferred without our consent.

Senator HANSON: Are you saying that, under this law, they automatically own the water? The land and sea council automatically owns it? How can an organisation have a right over an ocean that belongs to the Australian people? Does this mean that, if any activities are to happen on the ocean now, they have to go through the land and sea council for the rights to actually do anything?

Mr Edmond: No, not at all. We only have the right to acquire assets that are undertaken in that geographical area, including the ocean.

Senator HANSON: Sorry—repeat that again.

Mr Edmond: We have the remit now extended to acquire water based activities. We are not here to provide consent to others. We are to acquire assets that are undertaken on waters, such as fishing and such as marine activities that may exist on water, just as we have the right to acquire—
**Senator HANSON:** Clarify this: you have rights to actually carry out those activities yourself or rights to possibly impose fees for someone to carry out those activities? Will it ever come to that?

**Mr Edmond:** No, Senator. It's no different to us having the right to acquire land which we have had. We have the ability to, in an open market, purchase assets or activities. We could, for example, purchase fishing rights for a group and then divest them to that group. We are not in a position to require third parties to seek our consent more generally in relation to activities that are undertaken on water, just as we can't more generally in relation to activities on land.

**Senator HANSON:** I go to the land and sea council. I've received a lot of complaints that the land and sea council is controlling Aboriginal organisations and communities with funds that are going in there and they have no say. The land and sea council is not releasing funds and they're not having a say.

**Mr Bator:** I'm happy to look at those if you have some details on them. I'm not exactly sure what you're saying. We acquire land—

**Senator McCARTHY:** Excuse me, Chair. Senator Hanson—through you, Chair—are you able to table the documentation of the complaints so we can see them as well? Would that help, Mr Bator?

**Mr Bator:** It would.

**Senator HANSON:** It has been in passing that people have actually commented to me. As to actual names, no, I can't at this stage. I can't give you actual names with it. This has been for quite some time. With the land and sea council as well, when you spoke about the Uluru statement, whilst it was the land and sea council that was involved in that, that had a big input into it—

**Mr Bator:** No, Senator. I—

**Senator HANSON:** They weren't involved in that?

**Mr Bator:** No.

**Senator HANSON:** So it was individual groups, communities, that actually had the say in that?

**Mr Bator:** Yes.

**Senator HANSON:** Right. That might be another area that's not under the land and sea council.

**Mr Bator:** Correct.

**Senator HANSON:** To go back to groundwater, why were the land and sea council given the rights to underground water in Australia—for what purpose?

**Senator McCARTHY:** Can I just clarify again, Senator Hanson—through the chair—there is the South West Aboriginal Land and Sea Council, but we're dealing with the Indigenous Land and Sea Corporation. I'm just wondering if there might be confusion in terms of corporations—

**Senator HANSON:** It does. It comes under the land and sea council, which actually does take in the groundwater as well, and that's where my question is.
Senator McCARTHY: It's just the use of the terminology 'council' and 'corporation'—they're the corporation.

Senator HANSON: Why would you be given the underground water?

Mr Bator: I think we're talking about the ability of the land and sea corporation to acquire, not the right. If something's on the market, we can buy it.

CHAIR: To buy, with your funds, from a willing seller.

Mr Bator: That's exactly right.

Senator O'SULLIVAN: And it means that you'll be able to hold it in the land and sea corporation's estate.

Mr Bator: For final divestment to an Aboriginal group.

Senator HANSON: And where does the money go?

Mr Bator: To the person we bought it from.

Senator HANSON: I know, but once you actually then divest it—you're buying it to make money out of, I assume?

Mr Bator: Yes. We buy it to divest—

Senator HANSON: Or do you just buy it to hold it?

Mr Bator: We buy it in order to transfer it to the Aboriginal community for them to derive economic or cultural benefit from that acquisition. If we bought a water right, we would then transfer it and they could then use that water for economic gain. That's the purpose.

Senator HANSON: How much money does the land and sea council make a year, then, out of your divestments?

Mr Bator: Senator Dodson was quizzing me around the money that we receive from the investment of the Future Fund. We receive funds from that. Through that money we then acquire lands across Australia—or water activities—for transfer, divestment, to Aboriginal communities for them to derive an economic benefit from it.

CHAIR: Mr Bator, it might be good to clarify the relationship with the Future Fund. The Future Fund manages funds on your behalf.

Mr Bator: Correct.

CHAIR: So it's not the Future Fund giving you an income from its sources; it manages your assets on your behalf.

Mr Bator: Correct.

Senator HANSON: And you get federal funding?

Mr Bator: Not additional to that, no.

Senator HANSON: You get no federal funding?

Ms Stroud: There's one Commonwealth program which we do receive funding for, to administer on behalf of the Commonwealth, and that's the Pastoral Real Jobs Program in the Northern Territory.

Senator HANSON: And how much is that?
Ms Stroud: We're funded to deliver 127 jobs across agribusiness, tourism and ranger positions. There's $25 million committed for 2019 to 2021.

Senator HANSON: For 2019 to 2021, and that's for 127 jobs. How much did you say you're given—$25 million?

Ms Stroud: Yes.

Senator HANSON: For 127 jobs?

Ms Stroud: But that also includes a range of services around that: supervisory services, because they're trainee positions; support services; training; development activities; and hosting support arrangements.

Senator HANSON: What's the name of the organisation that goes through?

Ms Stroud: There are 14 organisations that are current RJP hosts. We can provide that for you, Senator, including how many positions they have and what sorts of positions they are.

Senator HANSON: Does that come under My Pathway? Is that one of them?

Ms Stroud: No.

Senator HANSON: That's a different program? Right. Thank you, Chair.

Senator O'SULLIVAN: On that program, the $25 million: it could be taken from that answer that $25 million is spread across 127 people, but it's actually delivering services and a program on the ground, more than just actually providing the jobs. Is that correct?

Ms Stroud: Yes. We're funded to support 127 positions, but at the moment we're actually supporting 130 across 14 organisations.

Senator O'SULLIVAN: But they're doing something, aren't they? They're actually—

Ms Stroud: Yes. They're rangers on country, they're people undertaking traineeships—

Senator O'SULLIVAN: So, they're providing a service up there on country that would otherwise be paid for through another program.

Ms Stroud: Yes.

Senator DODSON: Perhaps I could just go back to the questions I was pursuing previously. How have the new investments resulted in economic independence for First Nations? I'm trying to get a picture. I know a fair bit about what you do, but how is it actually delivering an economic base and prosperity for the people who are meant to be the beneficiaries of your purchases or your activities?

Mr Bator: We're now talking about land that we've acquired and divested and that people are working on—

Senator DODSON: Yes, and how well are they—I'd like to know about that, but not today. There is a wealth creation that emanates from your activities that actually meets the local community's aspirations, and they get returns out of it.

Mr Bator: Correct. Myroodah would be an excellent example of that. The property was acquired a long time ago and ILSC in those days would have worked in order to do a number of things there—to build up infrastructure on that land and to build up assets on that land, in this case cattle assets. It would have worked to build various other infrastructure, roads, dams and cattle areas for grading the cattle and so forth, and then that would have allowed for
income to be generated from the sale of those cattle. So, there has been job creation and infrastructure development, and when the property was transferred it was transferred at a much higher value than its initial acquisition.

Senator DODSON: And most of those things are contained in your annual report?

Mr Bator: The concept's there.

Senator DODSON: The details are somewhere else.

Mr Bator: Yes.

Senator DODSON: My last question goes to your three subsidiaries, as I understand them: Voyages Indigenous Tourism Australia; Australian Indigenous Agribusiness Company, which I think was mentioned earlier; and the National Centre of Indigenous Excellence. Do you fund those entities, or are they self-funding by virtue of their entrepreneurial activities?

Mr Bator: Certainly in terms of Voyages, over the past few years—through patronage at the resort and through other activities and their efficiency measures—they are now paying their way and delivering quite a substantial profit going forward. In terms of the Agribusiness Company, we are re-examining that at the moment. But suffice to say that when National Indigenous Pastoral Enterprises existed the intent was that it would also derive a profit through its operations. In some years it did and in other years it didn't. The NCIE is currently still receiving some supplementation from the ILSC, but we're looking at how to get that onto a footing. I guess the strategic shift we're now seeing within the ILSC is that when we acquire land for communities we work to see how quickly we can make that economically viable, including attraction of private sector investment into that. Our own funds, while they're obviously adequate, are never going to move the Indigenous estate as far forward as it needs to be.

Senator DODSON: Thank you very much.

CHAIR: If there are no further questions for ILSC, I thank you very much for your attendance and your evidence here this morning.

Outback Stores Pty Ltd

[09:40]

CHAIR: The committee will now move to Outback Stores Pty Ltd. I welcome Mr Michael Borg, Executive Officer of Outback Stores, and other officers from the agency. Mr Borg, do you wish to make an opening statement?

Mr Borg: I have got an opening statement. It's got a bit of detail to it. I was thinking to myself I could give it to you, Chair, and have it tabled.

CHAIR: That would be great.

Mr Borg: And then I might just touch on some key points from it.

CHAIR: That would be excellent.

Mr Borg: We know that Senator Dodson's got a few questions for us about Balgo.

Senator DODSON: You read my mind!

Mr Borg: I read your mind!

Senator DODSON: I hope you've got the answers!
Mr Borg: I've got my CFO here today with me—my chief financial officer.

Senator DODSON: I'm sure the people of Balgo will be very interested in your answers!

Mr Borg: Since Outback Stores' last appearance at Senate estimates, in October 2016, and my appointment as CEO, Outback Stores has continued to evolve. I'm very proud of the work that our team undertakes and, more specifically, our dedicated store managers, who work tirelessly in very remote locations across Australia.

We were granted Commonwealth funding between 2006 and 2009 and have not received any additional funding since these initial allocations—which we're quite proud of. I'd like to note that our cash outflow, including subsidy to stores, in the past three years, between FY2017 and FY2019, was only $2.7 million, compared to cash outflow of $10.4 million for the previous reporting period of FY2014 through FY2016. This is a significant improvement, considering our current available funds are sitting at $42 million right now. So we're pretty happy with that at the moment.

Outback Stores are currently managing 40 community stores across Australia, which include the recent addition of four new stores who have requested our services, those being Papunya; Yuelamu; Kiwirrkurra, which is out in the Western Desert; and Daly River, up in the Northern Territory. I should note that Outback Stores does not own stores; it operates stores on a fee-for-service basis, with a focus on delivering excellent social outcomes while returning any profits made on behalf of the store to its owners.

In relation to delivering social outcomes, the reduction of sugar consumption is an ongoing focus for us, and we continue to work collaboratively with community stakeholders. Certainly, from a soft drink point of view, we measure this important outcome by the mix of full-sugar soft drink purchased versus diet and sugar-free options. Outback Stores have worked extremely hard in this space for many years, and in the past three years we've achieved an 11.4 per cent reduction in the sales mix of full-sugar drinks. If you put that into other terms, that's 23 tonnes of sugar taken out of the stores that we've managed over the last three years, which is a really good social outcome and also something we're very proud of.

Retail affordability continues to be a well-documented topic in remote community stores and a task that Outback Stores continues to challenge itself with. In the past two years, at Outback Stores managed locations, we have introduced significant price reductions in a group of key staple products, such as flour, fresh milk, shelf-stable milk, eggs, oats, bananas, rice, tinned meat, Weet-Bix and, just of late, nappies. We're working really hard in that space of bringing down prices in communities. The industry has got a long way to go in this space in relation to price deflation in community stores and outback stores. At Outback Stores, we are certainly committed to driving positive pricing outcomes into the future, so a big part of what we're focusing on—not just for Outback Stores but for the industry in general—is working out ways to drive price deflation across the industry.

While saying this, it's a real balance for Outback Stores between delivering sound profits to store owners and delivering value pricing to the community members. To complicate these discussions, at times we get questioned in relation to our supply agreements and how an important income line for us, being rebates, is administered internally. We have a very balanced approach to price affordability, store profits and the commercial self-sustainability
of Outback Stores. With this balanced approach, we have consistently delivered cheaper pricing versus like retailers in most districts that we manage within.

On employment, just briefly: in the last financial year, we've seen 25 Indigenous employees complete certified training in retail operations II, III and V, which we see as a great outcome, as we're building internal capability within the stores that we manage. As at the end of June, the end of the financial year, we had 276 Indigenous employees working in the stores that we manage. That's 87 per cent of our headcount, which for us is a highlight and the best record for us at this stage.

To conclude: our business works within a really diverse industry that faces many challenges. The team at Outback Stores prides itself on its dedication and commitment and high level of governance, all of which ensures we meet the ongoing needs of remote communities that require assistance in the retail sector. I'd like to thank you, Chair and Senators, for the opportunity to share a very brief update. There's certainly more information in the full document. I'm happy to take questions and comments on a raft of matters.

CHAIR: Thank you. I think it was Senator Siewert who originally requested this agency, so we'll start with you, Senator Siewert, and then we'll go to Senator Dodson.

Senator SIEWERT: I know Senator Dodson wants to do Balgo. So do I, but I'll leave that and then jump in.

Senator DODSON: No. You ask questions about Balgo. Don't let me stop you. The more the merrier, I think.

Senator SIEWERT: Mr Borg, can you explain what the current situation is and why you've got to the point that the community is now asking you to withdraw?

Mr Borg: For Balgo specifically?

Senator SIEWERT: Balgo, yes.

Mr Borg: I'll give you a little bit of background on Balgo itself. Firstly, I'd like to apologise to the leaders and the community members of the Balgo community. I know they'd probably be shamed to hear that their community is being discussed at estimates today with negative connotations. Unfortunately we've had a breakdown of communications with the non-Indigenous leaders and CEOs of that community. The gentlemen leading the community—one's an ex-employee of Outback Stores and the other one's an ex-contractor of Outback Stores. Both the gentlemen have been agitating on different matters since they arrived in the community some two years ago. So we have a bit of tension between the non-Indigenous leaders there and ourselves, which certainly doesn't help the situation.

Outback Stores assisted this community to manage itself out of special administration, right back to 2008. Our story and history at the Balgo community is outstanding. When we go to a community when they need help—like when they were in special administration some time ago—we go there and we work through processes to work out how to get that community back on track. We've had a really good relationship with previous CEOs and previous directors for over 10 years, and collaboratively we've delivered some outstanding social and commercial outcomes over this time—certainly a reduction in sugar consumption. The biggest one from an economic point of view at Balgo is the net asset base and the work we've done with getting them back into a financial position which has been really strong. I'd suggest that some of the senators would remember that, through Minister Scullion, we helped this
community come from having no cash, building funds up to $2 million and then Minister Scullion doing an excellent job in allowing the Commonwealth to loan this community another $2 million to build a state-of-the-art supermarket in the community that they own. So the journey has been a long one and it's been an outstanding one, and we certainly have some challenges with the two current CEOs.

Senator SIEWERT: Did you threaten to withhold profits from the community?

Mr Borg: No, we didn't.

Senator SIEWERT: So how did they end up believing that you did?

Mr Borg: We've certainly denied those accusations. Post those accusations, we've been out to the community and caught up with the directors face to face. This dates back to that first meeting on 19 October 2018. We do most of our work face to face with the store owners and the community leaders. At that point in time, we spoke to the leaders about these requests for funds, and we were given fairly clear direction in writing from the store director: 'Please do not communicate with the new CEO. Please make sure communication comes through the store directors moving forward.'

At no time were there any threats or need to withhold money. We do an outstanding job governing the funds that we earn on behalf of communities. At any time a community wants to spend some money on something for the community or their infrastructure or some community needs, we certainly go out of our way to make sure we assist them.

In relation to those funds that have been described, post the meeting that we had in October 2018, the directors came back to us and asked for the release of $100,000 on 20 December that same year. It was released the same day. We released another $70,000 on 15 January—I think that was three days after the request came through. Most of the money around that time, around Christmas, was used for travel for social purposes and ceremony purposes. Then a large lump sum—of $280,000—making up the $450,000, was requested on 21 May. That was sitting in a term account on 30 days. Once that term account passed the 30 days, that money was released straightaway as well.

I should note that, even though there have been some changes in the last couple of weeks, it's not with the full opinion or the want of all the directors and the community at Balgo. It's a complicated relationship, and we look forward to being out there next week and talking with the directors again to work through some of these complications.

I should also note that there's a loan in place on behalf of the Commonwealth. We also have security over that loan, being part-owner of the store and the stock in the store. So it will be complicated, but Jayveer and I will endeavour to meet with the directors once again. It's a really strong team out there, with some strong leadership across their journey. I have no doubt we'll work through some of those issues in the coming weeks.

Senator DODSON: Where's the show cause notice at?

Mr Borg: We were given a show cause notice and asked to respond within two days. We're always okay with a show cause notice. If a community is never happy with our services, we're happy to sit down and talk about it and work through that. I don't believe that we've been given a show cause notice formally before in my time. But, whether it's a show cause notice or a phone call from a director, we'd normally sit down, talk through the issues and work out a solution moving forward.
If at any one time we believe that our services are no longer required in a community, we're happy to leave. We're only here to help. I believe our team does an amazing job of helping and doing a great job in communities, but we would leave if we were asked to.

In relation to your question, two days after the show cause notice, the CEOs of the community walked into the store, asked for the keys from our managers and relieved them of their duties. If that was their decision at that point in time, we couldn't do much about it from the Darwin office. No doubt, over the next week or two, we'll work through the outcomes moving forward.

**Senator DODSON:** So what's the state of the store now? Is it open or shut?

**Mr Borg:** The store is open, and I believe there is an independent manager assisting there.

**Senator DODSON:** So you're not running the store at the moment?

**Mr Borg:** No.

**Senator DODSON:** Has the Wirrimanu Aboriginal Corporation requested a mediation with you guys?

**Mr Borg:** As part of the show cause, they requested mediation within 30 days, which we were probably heading down the path to do, and then they took the keys from us a week later. Obviously, there plans are in motion for us not to be there into the future. I know that the Aboriginal Investments Group, a leg of the NLC, are assisting these two gentlemen at the moment in the store. Maybe they've got different agendas to what previous CEOs had in that community. I just hope that the directors, that we've had a long relationship across a long journey with, understand fully what changes they're making.

**Senator DODSON:** There's obviously a lot of muddy water here, and we'll wait and see whether you will clarify it or end up in court. So we wish you well with your discussions and hope that the community finds an accommodation.

**Mr Borg:** I thank you for that, Senator. We believe that our values and behaviours and our governance are always at the forefront for us, and we believe that if you do the right thing consistently, then normally the right thing turns out for the right people.

**Senator SIEWERT:** I have a couple of issues, so I'd like to move on, if I could. You made comments in your opening statement about bringing down the cost of goods. Can you tell me what a basket of goods costs?

**Mr Borg:** I can. I will touch on a couple of things here. We regularly get surveys completed externally and internally for pricing. If you're talking about a basket of goods, a basket of goods can be whatever I choose, if I'm doing it internally; I'd come up with a list. Externally, there are some government departments working through—

**Senator SIEWERT:** You'll have a standard.

**Mr Borg:** Yes. There is a Northern Territory market basket survey, which is a little bit dated. If I go through those stats, which are probably independent, the numbers always come out in Outback Stores's favour. I haven't got the list of goods here, but it says here, 'District average: $922; Outback Stores: $850.' So we're normally—

**Senator SIEWERT:** Sorry—can you explain that a little bit more slowly, in terms of: is it $850?
Mr Borg: Yes. This external body, through the Northern Territory government, would pick a list of goods; they'll go to an independent store—

Senator SIEWERT: In a remote community?

Mr Borg: in a remote community and then they'll come up with a total of goods, and then they'll come to an Outback-Stores-managed environment and they'll do the same set of goods, and they'll marry up the two dollar amounts.

Senator SIEWERT: I'm also interested in comparing it with a metropolitan area. For an independent store, which is not an Outback Stores store, it was how much?

Mr Borg: Roughly—I will pick a store in the district of Willowra—it was $922, and Outback Stores was $846; the difference was $76.

Senator SIEWERT: What's that compared to an urban—

Mr Borg: I haven't actually got urban data, but I have got some data, so I can take it on notice and send some information through to you.

Senator SIEWERT: This is in the Northern Territory. How much does it compare with Darwin, for example, or Alice Springs, which will be higher anyway?

Mr Borg: I haven't got that data specifically, but I can talk to you a little bit about how we're bridging that gap, if you'd like?

Senator SIEWERT: Yes.

Mr Borg: In the recent couple of years, like I said in my opening statement, our team have done an excellent job, working extremely hard on retail affordability, and for four elements we've been focusing on. I guess the key element is that some people can pick prices of a large item and say, 'That's really expensive,' in a community. What I've been trying to do is to lead the business through change where, for core items which are purchased in volume by the community, we bring those prices right down, so we see some real difference in the prices. We brought down a list of staple products—things like flour, rolled oats and milk. When I talk about bringing prices down, these are big, deep changes. Normally you'd pay, in a remote community store, over $6 for a two-kilo bag of flour. In a supermarket in Darwin, you might pay $1.99. We've got that price down now to $2.99 in all of our community stores. We've done that through a whole list of items now, and it's really making a bit of a difference. On top of that, we have also put in place quarterly promotions, which are a little bit different for remote communities. So, each quarter, there are a whole lot of deep discounts for the community members to purchase on top of those staple lines. We've got three or four mechanics now which I believe are changing and influencing change in remote communities, and it's a big passion of mine to keep driving those outcomes.

Senator SIEWERT: You've just told me about that basket of goods. What I'm trying to find out now, if you can't tell me the direct price, is the percentage by which Outback Stores are higher than if I were living in, for example, Darwin—using the Northern Territory.

Mr Borg: I would have to get that data for you on notice, Senator.

Senator SIEWERT: Could you, please.

Mr Borg: Absolutely.

Senator SIEWERT: Not just against the staples but against the basket of goods.
Mr Borg: Yes.

Senator SIEWERT: You made a comment in your opening statement and I've read in your opening statement about those staples, but I'm interested in the basket of goods if you can give it to me in real terms or, if you can't, in the percentage. Could you do it on average and also give me a range of communities, not just in the Northern Territory but across the states, that you're running in.

Mr Borg: Absolutely. Our jurisdiction, as you know, goes from WA. We've got a lot of detail, and there's also some independent data from the NT government. It is expensive to do business, as we know.

Senator SIEWERT: I know, and that's why I'm asking.

Mr Borg: Very good.

Senator SIEWERT: Thank you. Can you provide the data—you'll have it since your operation—on the purchase of fresh food in each of the states that you operate in and over the term that you've been in existence?

Mr Borg: In volume or in what we do from a mechanics point of view?

Senator SIEWERT: What do you mean by 'what we do from a mechanics point of view'? I want to know what the purchase of fresh food has been like over the years that you've been operating.

Mr Borg: Okay. I have got some data if you just bear with me one moment. Again, we drive this outcome extremely hard, and there's a bit of information in my opening statement. Last year we sold 475 tonnes of fresh produce across the stores that we manage, and that was an increase of 4.5 per cent on the previous year. I can provide you on notice with some data across the last seven years, which shows a reasonable trend of increases from a comparative point of view, but the last two years have been a little bit of a struggle from a tonnage point of view. We've had some market conditions which certainly haven't assisted. We probably would like to be at 10 or 15 per cent each year from an increase point of view.

Senator SIEWERT: Have you done an analysis since you began overall but also in each of the states or the regions? To what extent have you done that analysis since you came into operation in 2007?

Mr Borg: We do a lot of work on analysis around fresh produce, because there are so many factors that change in that environment. One thing that we've got as part of our strategy coming out of that analysis is to make sure we match metropolitan prices, mostly. Our fresh produce prices are as close to metro prices as any of the other products in the store. We might have a gap in general merchandise and in some groceries, but we're flat out hell bent on making sure that fresh produce is as close as possible to the local store in Katherine, Alice Springs, Darwin or Broome. We work really hard to make sure those prices are down. Just of late, we're matching the banana price like for like for metropolitan stores as well; $3.99 for bananas in a remote community is really good at the moment.

Senator SIEWERT: Thank you. I'm interested in that analysis of those prices as well, but, if you've done the analysis, I would also like to know, across the range of your stores, the extent to which the analysis has been done so we can get a clear bird's-eye view of overall effectiveness of this program.
Mr Borg: Absolutely. We've got some really good data.

Senator SIEWERT: Could you take that on notice. I'm going to get pinged, so I'll put this on notice: you're probably aware that over the years I've taken a lot of interest in low-aromatic fuel, but there are also other products that are being sniffed, including aerosols, so I'm interested in how you're managing access to aerosols, because there is some transference, potentially, onto aerosols. So could you take on notice what your management strategy is: does it vary across stores, or do you have one policy for your management of access to sniffable aerosols?

Mr Borg: Yes. We will get you some detailed information but we do manage it on a store by store, I guess, situation. We heavily engage the store owners and directors and the decisions that they make in their own communities, so we'll give you some further information.

Senator SIEWERT: Could you also take on notice which partners or community organisations you are partnering with, on driving the approach that you are taking or in developing the approach and putting it in place?

Mr Borg: Absolutely.

Senator SIEWERT: Thank you.

Senator DODSON: I have two questions, Mr Borg. You say that 25 Indigenous employees have completed various certificates. What's the pathway for them to management?

Mr Borg: We've got a really good pathway. And we're changing the way we work around employment, right through to that pathway. Previously, we were employing a lot of casual employees, Indigenous employees, and we found the turnover was really high. So what we started to do was say, 'Let's make these jobs more meaningful,' and make them permanent part-time or full-time jobs from day one and engage with them straightaway, in relation to training. Instead of being casual—in and out, maybe not turn up—have it, day one, part-time or full-time and then into training. As you go through those training components—I think cert II is over 12 months and cert III is over three months—you grow skill sets, and more responsibilities are given to those employees.

It's reached the point where we are starting to get some really good assistant managers in our ranks now. We've also got a manager out at Bulman, an Indigenous young lady there, managing the store full-time by herself. She came through this program, through Beswick, and we're starting to see the fruits of some good labour, not just in my time but over the last five or six years at Outback Stores. It's about fine-tuning some of those processes now. We're really strong on trying to get Indigenous leadership into the communities. There are two things, two factors.

One is we're really targeting young leadership. We're working on this piece around some of the traditional problems around humbugging in communities and trying to work ways around that. We're seeing some good young leaders step up and being able to manage that, which gives them the opportunity to hold the keys to the shop, run the shop on their own at certain times. The future plan is to see more Indigenous leaders running stores on their own.

Senator DODSON: What happens to the 251 employees?

Mr Borg: The 251 employees?
Senator DODSON: You said you had 276. If 25 have done management courses, what's happened to the 251?

Mr Borg: They're to completion for the full year.

Senator DODSON: So some of those are part-time and some are full-time. I'm wanting to get an idea whether there are any pathways for training, skilling, improving their prospects for being employed in this industry.

Mr Borg: Absolutely. That's the pathway: sign on, start the business, cert II, III and IV.

Senator DODSON: Is there a formal process or is this just ad hoc?

Mr Borg: No, it's certainly not ad hoc. We've got a training department with two full-time trainers—

Senator DODSON: If you could table some data, in relation to that, it would be useful.

Mr Borg: I will take it on notice. We've got some good information we can share with you.

Senator DODSON: And across all of those stores you were talking about, the 40 you mentioned. Thank you.

Mr Borg: Yes, absolutely.

Senator O'SULLIVAN: I'm particularly impressed by that figure of 11.4 per cent reduction in the sale of sugar. In my time going around some of these communities, over a decade or so, I have seen, myself, the difference, even just in the shop when you walk in and you have those big glass fridges with the bright lights. Ten years ago it was full of Coke and Orange C and all these sugary drinks. I'm not sure if it was one of yours, Tjuntjuntjara. Is that an Outback Store?

Mr Borg: Yes, that's one of ours.

Senator O'SULLIVAN: I was there three weeks ago, and I could see, physically, the reduction and the difference in that. I note, particularly, the employment figure for total Indigenous employment of 87 per cent. I think that's excellent. Well done.

Mr Borg: Thank you. On the sugar component, over our journey, we have been working on different ways to make the difference in communities. Sometimes prohibition doesn't always work, as we know, in remote communities. Engagement with directors and store owners and the community is absolutely key. We're getting some good engagement through the nutrition team and area managers now on talking about things like portion control. Let's not sell two litre Coke or a 1.25 litre Coke anymore. Let's go to one litre. Let's have Coke Zero at the front of the store. Let's have no-sugar days in communities. All those decisions are getting made in conjunction with the store directors and store owners, not just us. If you go to Wirrimanu—the topic we talked about before—that store has had some remarkable improvements. Four or five years ago they had 75 per cent full-sugar softdrink sales and now they are down to 33 per cent. That community has really embraced change and they have a long-term focus on removing the need for—

Senator O'SULLIVAN: This has been driven from within the communities themselves? You're not just imposing this on them?
Mr Borg: You can't impose it. If you impose it, you normally get push-back. So it's about engaging, communicating, collaborating and sharing good outcomes with other stores. The majority of community leaders understand it.

Senator O'SULLIVAN: Very good.

Mr Borg: Thank you.

CHAIR: If there are no further questions for Outback Stores, I thank you for your attendance and your evidence here this morning.

Northern Land Council

CHAIR: I now welcome Ms Marion Scrymgour, Chief Executive Officer of the Northern Land Council, and other officers. I note you were appointed as CEO in March this year. Welcome to your first estimates in this capacity. Do you wish to make an opening statement?

Ms Scrymgour: I do. Thank you. Awana mamanta [Hello, everybody]. I acknowledge the Ngunawal people and their ancestors past, present and future for our welcome to this meeting place. My name is Marion Scrymgour and I am a proud Tiwi woman. I have been privileged to receive the endorsement of the Northern Land Council executive and full council to be appointed as the first Aboriginal woman CEO of any land council in the Northern Territory. I appear here representing the Northern Land Council chairperson, Mr Samuel Bush-Blanasi, deputy chairperson, John Christopherson, our hardworking executive and full council members.

I started work at the Northern Land Council in a full-time capacity on 13 May 2019. Since then, my focus and energy have been directed to rebuilding the confidence of the public and, most importantly, of our constituents in the Northern Land Council as one of the most important representative institutions for Aboriginal people in the Top End of the Northern Territory. I started work during a critical time of change at the Northern Land Council. It was important to bring stability to the organisation and to rebuild the relationship between the executive, the full council and members, and our constituency. I believe this has been achieved by providing leadership in the day-to-day functions and operations of the land council and by continuing the important good work in governance and sustainability of the organisation. I will continue to build trust and confidence between the staff I manage, the executive council, the full council and all our communities.

It is important to put on the record in this Senate, the importance and the uniqueness of this organisation in carrying out our legislative functions and the role we undertake in delivering services to our people, who are often in extreme physical conditions. Right now, we have staff on the ground right across the NLC region holding meetings with traditional owners and all affected people about important projects on their lands.

The Northern Land Council is made up of 78 traditional Aboriginal owners. The chairperson, on recommendation of that full council, appoints an additional five women members. The Northern Land Council is the largest organisation out of the four land councils, covering 36,000 Aboriginal people, living mostly in very remote circumstances in the Northern Territory, innate culturally and linguistically diverse populations. The NLC's area is spread across 250,000 square kilometres of land, including 85 per cent of the coastline. It
employs about 250 staff—60 per cent of whom are Aboriginal people—including 125 land- and sea-management rangers.

We hope that all can appreciate the work that we do, across physically, culturally and linguistically complex environments, translating and implementing non-Aboriginal laws across the breadth and length of the land council area, where Aboriginal laws often guide most elements of day-to-day life.

The Northern Land Council cannot be compared with any other institution or government. Considering the resources available to separate government agencies that we have to deal with, our success is drawn from our council and the multidisciplinary team of staff who assist Aboriginal people to achieve economic and environmentally sustainable development.

Our council has a very ambitious regionalisation strategy that will realise the full potential of developing the Aboriginal estate. It is that development strategy that will help the next generation of Aboriginal leaders in whatever field they pursue. We know that money is tight all around and that is why we have to think harder and smarter about what we do. The NLC cannot do it on its own. We need partners in government. In a short time, we have developed a great working relationship with the new Minister for Indigenous Australians. What we are looking for is a similar commitment from the Northern Territory government in Darwin.

We need to address the deficits, particularly the poor status of infrastructure in the bush across the NLC area. But we also have an ambitious plan that we are ready to roll out to develop our resources: a purpose-built central office and improved office and accommodation for our regional officers. Beyond the bricks and mortar, we need to ensure that our people get the education—a culturally appropriate education on their country—to allow them to gain the skills that will equip them for the future. Our challenge—and we have to work with government at all levels to do this—is to get it right, not just for the current generations of Aboriginal Territorians but for their children, our children and the generations to follow.

Thank you.

CHAIR: Thank you, Ms Scrymgour. Senator McCarthy.

Senator McCarthy: I too would like to put on the record my congratulations to Marion Scrymgour as our first Indigenous woman in the CEO role of the Northern Territory. As this is the first time the Northern Land Council is appearing before this committee since I joined this committee, in the interests of transparency, I would like to publicly register my interest. I am a Yanyuwa-Garrwa traditional owner from Borroloola in the Gulf of Carpentaria. Consequently, I am registered as a traditional owner with the Northern Land Council under the Aboriginal Land Rights (Northern Territory) Act. This is already registered on my declaration of interests to the Senate. Thank you.

CHAIR: Thank you, Senator McCarthy. Senator Dodson.

Senator Dodson: I have a few questions. Thank you and congratulations, Marion, on your appointment. I know some of the background to the critical times you mentioned in your opening statement. It is some of that that I want to get to, if I can. There has been a question about whether there's a conflict of interest between the executive council members of the NLC and the AIG directorship. I'm not sure what its status is; if it's a subsidiary of the NLC or an independent company. Is there a conflict of interest?
**Ms Scrymgour:** Not at all. I acknowledge your question. I think this has been something that we've gone around and around with for a long time. Certainly, there have been issues that have played out in the media over that time about the conflict of interest with the executive council, who also make up the board of the Aboriginal Investment Group. If you look at situations in many boards across Australia and you see that there are people who are shared across many organisations. I think that the Northern Land Council, when that issue arose about a conflict of interest, sought legal advice and that legal advice looked at those issues. It only becomes a conflict if a decision was made that benefits one organisation over another, and there was absolutely no decision at that time that was taken.

**Senator DODSON:** What's the purpose of the AIG audit?

**Ms Scrymgour:** The Aboriginal Investment Group?

**Senator DODSON:** Yes. What is the purpose of the audit of that entity?

**Ms Scrymgour:** The audit?

**Senator DODSON:** Yes.

**Ms Scrymgour:** What we're having a look at and what is really important is the Northern Land Council has worked through with the department to have a look at some structural issues that have to be addressed. We've never had a look at the parent company and its relationship with its subsidiaries. Some of that's been forced with the AASB 10, which is not something the Northern Land Council has brought in but is certainly the accounting standard that we have to abide by. That came in in 2014. The Northern Land Council should have been looking at this issue in 2014. It didn't happen. When I started in May, given all of the issues that were played out in the media in the year before in November, it was important to deep dive and have a look down at that issue. The organisation did obtain three separate financial advisors to look at the issue of consolidation. There are shared members across the Aboriginal Investment Group and the Northern Land Council. There were some questions that needed to be asked in a legal sense and part of my role, when I started in May, was to get some independent external legal advice as to the status of the Northern Land Council as a parent company, the AASB 10 and its relationship in the consolidation with its subsidiaries. We've done that work. We acknowledge that we have to consolidate. There are some structural issues that have to be addressed and we're doing that.

**Senator DODSON:** Are the terms of reference for the audit public?

**Ms Scrymgour:** They're on our website, and I could certainly make available to you the terms of reference.

**Senator DODSON:** Who drafted the terms of reference?

**Ms Scrymgour:** Let's go back. There was a lot of discussion between the interim CEO and the former minister, Senator Scullion, at that time when a special council meeting was called around 8 March. A resolution was passed by the full council, which had the full endorsement of then Minister Scullion with the full council. One of the points in that recommendation was that the interim CEO was directed to develop a set of terms of reference that would look at and address some of the structural issues between the Northern Land Council as the parent company and the various subsidiaries that sat under the Northern Australian Aboriginal Corporation, of which AIG is one.
Senator DODSON: Who eventually drafted the references?

Ms Scrymgour: The final terms of reference we landed on were agreed to by me and then put to the executive and that also included work that we did with the department NIAA.

Senator DODSON: Who are the auditors?

Ms Scrymgour: We obtained three quotes, just for good probity and to make sure that we were doing the right thing spending taxpayers' money. We provided to three of those companies the terms of reference and the breadth of work that needed to be undertaken. We obtained those quotes. The proposals that were submitted to NIAA, we took those back also to our executive members and it was agreed that Ernst & Young's proposal was quite detailed and certainly went to the heart of what we needed to do.

Senator DODSON: So Ernst & Young's doing the audit?

Ms Scrymgour: Yes.

Senator DODSON: When will that audit be completed?

Ms Scrymgour: Once we sign off on the contract, I'm hoping we can get that done in the next week. They will commence work immediately.

Senator DODSON: So they haven't actually been engaged with the contract; it hasn't been signed?

Ms Scrymgour: No, we have a draft contract which we've been negotiating and we will also provide that to the department, NIAA. Once that work has been done, we're hoping that by next week we will have a contract signed, and Ernst & Young will be engaged to do that review and audit.

Senator DODSON: How long are you intending that audit to take?

Ms Scrymgour: How long's a piece of string?

Senator DODSON: This is not a piece of string, as you know; this is a financial audit.

Ms Scrymgour: Absolutely, and it's an important body of work. I spoke to Ernst & Young and all of the other companies that put in their proposal. I'm hoping that we can get something by early next year. We've got to have something by January at least or February. I think everybody needs to have some clarity but also some clear air around this. This has been an issue that has put some paralysis around everybody, and we just need to move forward. We need to get this work done and we need to move forward.

Senator DODSON: Has the reason for the delay been the lack of agreement about the terms and conditions of the audit?

Ms Scrymgour: No.

Senator DODSON: Why is it taking so long to get this done?

Ms Scrymgour: I started in May. This has been an issue. Let's go back to 2014. I'm not making excuses here, but there has been in last five months a lot of work. We have progressed quite rapidly to try and deal with this issue. There has been a number of external legal advices and briefs that I've required and asked for. That goes to the heart of the consolidation, making sure we've dotted our Is and crossed our Ts. We need to get this right the first time. Part of the work that we've done is not disagreeing about the terms of reference. I think all of my discussions with the NIAA have been up-front, open. We are making sure that we get the
issues that were played out in the public arena last year addressed, not chase rabbits down holes, not play politics with this issue because it's too important. We need to start addressing issues of importance. Not just our executive but our full council members have also asked for information on this. We had full disclosure and quite a good discussion about all of those issues with the full council in May. I don't think there has been any delay from May, when it was agreed from the resolution, to when I started—

**Senator DODSON:** My question was about the delay in getting the auditors into place. I understand you've done internal work. But the audit of the corporation by AIG has dragged on from an outsider perspective. You're saying today that the contract has not yet been signed to engage the people—KPMG—to actually begin the audit?

**Ms Scrymgour:** There are two audits. There's the ANAO internal audit, which is brought through the consolidation, and that's taken a lot of work. We've been completely open and worked in a diligent and open way with ANAO to make sure that the consolidation of those subsidiaries is done and accounted for. The external—

**Senator DODSON:** Was that the consolidation of the accounts?

**Ms Scrymgour:** No, it's the consolidation of all the finance accounts.

**Senator DODSON:** Okay, so there has not been one to date.

**Ms Scrymgour:** It has never been done.

**Senator DODSON:** Have these entities been reported in your annual reports?

**Ms Scrymgour:** Not before.

**Senator DODSON:** So since 2014, there have not been—

**Ms Scrymgour:** Since 2014, when the AASB 10 came in, there have not been any moves to consolidate these accounts. We have done that now on legal advice. Because of the nature of the shared council, it has to be consolidated. This is the first year this has happened. That has taken a lot of resources. We have had to not just work across making sure that the Northern Land Council meets its statutory time frame in reporting to the minister but also do all the work that was involved in consolidating the subsidiary's finances and making sure that their audit was going to be brought into ours.

**CHAIR:** Sorry to jump in here, but we are due to go to our morning tea break now, and I did want to get to Senator Siewert before that.

**Senator DODSON:** Could I just ask Mr Griggs as to why this has gone unnoticed in terms of the reporting obligations of the NLC either through the ANAO or through the department. Why is this matter of the consolidated accounts or the nomination of these entities gone unnoticed and unreported for that period of time?

**Mr Bulman:** It has not gone unnoticed. ANAO has been working with the Northern Land Council on this for a number of years, I believe.

**Senator DODSON:** 'Unnoticed' in the sense 'not reported to the parliament' is what I meant.

**Mr Bulman:** The CEO might be able to assist you, but there was some difference of opinion about whether the Northern Land Council, in its legal structure, was required to report
under that accounting standard. As the CEO entered into her role, as she mentioned, she engaged a number of legal advisers to clear that up quickly and to work with—

Senator DODSON: Who delivered the legal advice?

Ms Scrymgour: That legal advice was obtained by Sturt A Glacken, who is an external barrister.

Mr Bulman: It was working with ANAO, and they have been a member of their internal audit committee for quite a period to determine if they are required under that accounting standard. Now that that has been resolved, they have quickly moved to consolidate the finances. That has been a big focus of the NLC, the department and the ANAO. The other element that the CEO, Ms Scrymgour, mentioned is the review that their full council asked for, where they have engaged Ernst & Young. So there are two matters going on at the same time.

Senator DODSON: If you could indulge in two questions—I do not want to hold people up, otherwise we will have to bring it back. That is just from my point of view; other senators might have questions. Have you delivered your annual report for this year, Marion?

Ms Scrymgour: Because of the complications and the issues associated with that consolidation, I wrote to the Minister for Indigenous Australians to ask him if we could have an extension of 10 days. That has now been completed. The audit is about to go before the audit committee on Monday. We have now finalised all of the consolidation and the work. That will be scrutinised by the audit and risk committee on Monday. The executive will then meet on Tuesday, and it will go to the minister on Wednesday.

Senator DODSON: And then will it become public?

Ms Scrymgour: I am not sure what happens once we provide that to the minister. I suppose it will be tabled in the next sitting of parliament.

Senator DODSON: Senator Seselja, could you shed any light on that?

Senator Seselja: Shed any light on—

Senator DODSON: On the tabling of the audit report—

Mr Bulman: I might be able to assist. All annual reports get tabled in parliament, so they are public documents.

Senator DODSON: There was some amendment made to this, so I am asking because they do not necessarily get tabled these days. They get produced on a website somewhere, and we are meant to go and find them.

Senator Seselja: They generally get tabled. I can check the exact details.

Senator SIEWERT: There were changes to the act.

Senator DODSON: But there were changes to the tabling of annual reports?

Senator Seselja: Sure. I can check the specifics of what you’re asking, but there's no suggestion that the report won't be made public in the usual way.

Senator DODSON: Thank you.

Senator SIEWERT: I've got a few short questions. Senator Dodson has pursued quite a few of the areas already. Mr Bulman, could you very quickly outline what your role is now
with the ANAO's involvement in this overall audit process? I need further explanation about what your role is in terms of the ongoing process of this audit by EY.

**Mr Bulman:** My role in the agency is that I, among other things, look after the Aboriginal Land Rights Act, which the land councils sit under. We work with them on governance and budget et cetera. Our ongoing role is largely to be consulted. We work closely on a range of things. The CEO has been sharing and consulting with us on, for example, the terms of reference that they've established for engaging EY, and we'll continue to work with them, but it's a NLC matter, which they'll be leading on—the Ernst & Young report. The second element, which is the consolidation of the financial report, is being led by ANAO, who look after all—

**Senator SIEWERT:** This is of all the entities?

**Mr Bulman:** A consolidation of the finances of the entities under the Aboriginal Investment Group, yes, that's correct.

**Senator SIEWERT:** You're working on that as a separate piece of work.

**Mr Bulman:** No. The consolidation is for the NLC. They work closely with ANAO on it. We have broad oversight. We look after their portfolio bodies.

**Ms Scrymgour:** The department's right: the Northern Land Council is working closely with the ANAO to work through those issues. Bear in mind we had three different opinions and now we've got beyond that. We're now, I think, at the finishing line in terms of all of that work that needed to be done. We've done that with the ANAO. That's part of our requirement under the act, which is separate from the Ernst & Young review.

**Senator SIEWERT:** I understand that now. This is maybe a question for both of you. In terms of the other entities, have they ever reported? Senator Dodson touched on it. Have those other entities reported separately or have they never reported? I'm trying to understand that.

**Ms Scrymgour:** Previously, legal advice internally in the organisation was that there was no need for the Northern Land Council to consolidate. That was the view that was taken by the Northern Land Council. In 2016, when there was a closer inspection of the AASB 10, ANAO insisted that the consolidation work happen. That didn't occur, which is all of the work we've now done to put to bed the issues of the consolidation.

**Senator DODSON:** The legal advice wasn't quite right.

**Ms Scrymgour:** Absolutely, the legal advice internally was wrong.

**Senator DODSON:** Who gave you that advice?

**Ms Scrymgour:** I don't know if I should say the name of the individual.

**Senator DODSON:** The acting principal legal officer at the time?

**Ms Scrymgour:** No. It was David Avery, who was the lawyer at the time. He looked at that issue and provided advice to the council and to the executive that they didn't need to consolidate. When I looked at David Avery's advice, I also considered Grant Thornton's advice. There was the BDO advice and the ANAO advice. There was a lot of advice sitting there that hadn't been acted on. There were some legal questions that needed to be added, and that's when I went to Stuart McLachlan and sought his advice and provided all the information we had internally in the organisation. Prior to his advice coming, I, with the CFO, pre-empted what was going to come. When you look at the issue as the parent...
company, and if you share council members, the three tests under the AASB meant that the Northern Land Council needed to consolidate. So we started that body of work before the legal advice came in.

**Senator SIEWERT:** Did you say that the ANAO provided advice in 2016 that they should be consolidated?

**Ms Scrymgour:** The ANAO had been working with the organisation and seeking the organisation to look at the relationship between the Northern Land Council and its subsidiaries. That work, and advice from ANAO, could probably have saved a lot of pain now. But we have now done that and it's—

**Senator SIEWERT:** If that was the advice in 2016, why wasn't that pursued at the time?

It's fairly serious when the ANAO gives advice. I realise you weren't in your position then, so you may need to take this on notice. If the ANAO recommends that you do something, I would have thought it is a fairly serious thing. Why wasn't that pursued at the time?

**Ms Scrymgour:** I think advice was being provided, or had been provided, to the CEO, to the executive and to others. It was the same as when I picked up all this advice: not one advice had agreed to a position and it was a moving feast. It was hard to bed down what some of these issues are. We did that. We just bit the bullet and said: ‘We've got an ANAO report which says this is an ongoing concern. Let's do something about it.’ Part of my role with the finance team is to start joining the dots and just doing the work rather than going around and around. We've worked quite closely with the ANAO and their team to get this happening. And it is now done. The fully consolidated accounts, which should have been done a couple of years ago, will now be put before our audit and risk section and will hopefully be put before the minister by Wednesday.

**Senator McCARTHY:** Can I take you to another area— and you can take this on notice given the time frame. At the last couple of estimates, I have been asking around the IAS funding. Last year the government awarded nearly half a million from the IAS to the NT Cattlemens Association and the NTC Food Council to argue detriment cases in 16 NT land claims. Have these land claims been finalised? You can take it on notice.

**Ms Scrymgour:** I will take part of it on notice because I think it is a really important question. We will get that information to you. There are some outstanding claims and I think this is one we are working through. I met with the Aboriginal Land Commissioner yesterday. There are 16 outstanding claims and that is one of them. We are hoping that we can resolve that by either the end of the year or early next year. He is keen to get that happening and so are we. I'll be putting in a supplementary bid to the department. I'm not sure what the Northern Territory government's position is. We need the Northern Territory government to also come in as a party to that to try and resolve it. In relation to the $500,000 that was given to AFANT, I think it was a bit of a slap in the face to a lot of Aboriginal people that it came from the IAS. That money should not have been given to a white mainstream organisation to go down that path.

From the Northern Land Council's point of view, we have now brought all of those industry players and stakeholders to the table to try and resolve this without litigation. It is easy to litigate but it is harder to try and get consensus among all of them. We have now got quite a strong working committee which involves AFANT, the Seafood Council and the
commercial fishermen sitting at the table with traditional owners working through issues of access to intertidal zone areas, which is really important.

**Senator McCarthy:** Is the NLC aware of IAS funding going to other non-Indigenous parties involved in land cases to argue detriment? You can take that on notice.

**Ms Scrymgour:** I will have to take that on notice.

**CHAIR:** I thank you very much for your attendance and your evidence this morning.

**Proceedings suspended from 10:45 to 11:00**

**National Indigenous Australians Agency**

CHAIR: I welcome officers from the National Indigenous Australians Agency. The committee notes the establishment of the agency on 1 July 2019. The committee has set 6 December 2019 as the date by which answers to questions taken on notice are to be returned.

Minister, do you wish to make an opening statement at this point?

**Senator Seselja:** No, I don't.

**CHAIR:** Mr Griggs, I know you do.

**Mr Griggs:** Thank you and good morning, Chair and Senators. Dhawra nguna, dhawra Ngoonawal. Yanggu gulanyi ngalawiri, dhunayi, Ngoonawal dhawra. Wanggaralijinyin mariny balan bugarabang. This is Ngoonawal country. We acknowledge and pay our respects to the elders. I also extend that respect to Aboriginal and Torres Strait Islander senators and colleagues who are with us this morning. As the chair has alluded to, on 1 July the National Indigenous Australians Agency was established as an executive agency. I want to briefly provide the committee with some of our work over the last few months. The agency is focused on implementing the government's policies and programs to improve the lives of all Indigenous Australians and on working with Aboriginal and Torres Strait Islander peoples. The agency remains within the Prime Minister’s portfolio. The list of our responsibilities is contained in an executive order signed by the Governor-General on 29 May, which I will attach to this statement for your convenience, but broadly, the NIAA now has primary carriage of a number of functions, including:

i. to lead and coordinate Commonwealth policy development, program design and implementation and service delivery for Aboriginal and Torres Strait Islander people;

ii. to provide advice to the Prime Minister and the Minister for Indigenous Australians on whole-of-government priorities for Aboriginal and Torres Strait Islander people;

iii. to lead and coordinate the development and implementation of Australia’s Closing the Gap targets in partnership with Indigenous Australians;

iv. to lead Commonwealth activities to promote reconciliation—

There are a number of others listed, but they’re the key ones. The focus during the transition to the agency was to have minimal disruption to program delivery and to minimise staff concerns during the machinery-of-government change process. The agency has around 1,200 staff, which includes around 90 staff that were transferred from what was outcome 1 in the Department of the Prime Minister and Cabinet, who’ve come over to provide the kernel of our corporate function.

My focus this year has been on organisational reform, which we embarked upon before the agency was announced and have continued to deliver on. We have reinvigorated cross-
cultural learning as a key competency for our people, who have to operate in a wide range of cultural contexts. We've done this through what we call our Footprints program, which is run along the lines of a continuing professional development program. Additionally I recently launched the new agency-specific values and behaviours program to further shape the development of the agency with a one-team approach. Our delegation structure was overhauled, and the regional managers discretionary fund was increased, following discussions with Minister Wyatt, with the aim of more decision-making closer to the communities we work with. We continue to improve the capabilities of our regional staff in the identification and facilitation of economic development opportunities as they work with local communities.

For all our work we adopt a place based approach and work from the ground up with communities, elders, peak organisations, providers, state and territory governments and across the Commonwealth to develop more-meaningful programs and outcomes. Our work in making the partnership agreement between the Commonwealth, state and territory governments and the representatives of Indigenous Australians, through the coalition of Indigenous peak organisations, has, I think, led the way in showing what working in genuine partnership looks like. It does require the bureaucracy to work and think differently. It is hard at times. It does take time, but ultimately, and particularly in the Closing the Gap context, it offers the opportunity for stronger accountabilities across all parties and a much stronger focus on outcomes. I thank the committee for the time to make this statement and welcome your questions.

CHAIR: It would assist the committee, given the truncated time that we have, if we could, as far as possible, go through programs sequentially, so we have a fair idea of where we're up to and how much time we have left. I'm inviting questions under program 1.1. If senators have questions which don't strictly fit in that but they feel the need to ask, that will be accommodated.

Senator McALLISTER: We have a range of questions that can genuinely be described as cross portfolio. They arise from, as Mr Griggs alludes to in his opening statement, the establishment of a new institution. We would like to start there.

CHAIR: That's reasonable. I don't seek to restrict that in any way. We'll start with what we'll colloquially call 'cross portfolio', even though that's not on the agenda, then we will work through the program sequentially.

Senator McCARTHY: Good morning, Mr Griggs. How many grants have been approved by the NIAA since 1 July 2019 and what is the dollar value of these grants?

Mr Griggs: I'll get some officials to help you with that.

Ms Collard: From 1 March to 11 April there have been 240 funding decisions—since 1 July there have been 267 funding decisions, with a total of $567 million made; however, of those funding decisions, probably only 40 per cent would have been actually progressed during in that time.

Senator McCARTHY: Let's unpack that a bit. Are you saying that, of that $567 million in total, only 40 per cent has been spent?

Ms Collard: Has been progressed, yes.

Senator McCARTHY: But that's how much there is to be spent?
Ms Collard: That amount actually is what we're still progressing, even though the funding decisions have to be made, because, prior to that, during caretaker, a whole lot of decisions were made. As the delegate of the organisation during caretaker, we had to go through, based on the caretaker conventions, all those decisions of the previous minister to ensure that everything is checked and it's in line with our PGPA Act.

Senator McCarthy: I understand that.

Mr Griggs: I don't think Ms Collard has the information that you need at her fingertips. I've just asked Mr Walker to get hold of it for us as quickly as possible.

Senator McCarthy: You've said 200 funding decisions since 1 July. Could we have a list of those funding decisions. Could you table that to the committee.

Ms Collard: We will take that on notice.

Senator McCarthy: Which ones are the 40 per cent that have progressed and which ones are still the outstanding of those 200?

Ms Collard: We'll take that on notice as well.

Senator McCarthy: How many grants were approved by the old agency under the Department of the Prime and Cabinet from January 2019, which is what you initially started to tell us—

Ms Collard: I started to tell you that one.

Senator McCarthy: to June 30 and what is the dollar value?

Ms Collard: I probably have to take that on notice. What I have is from 1 March. But I can tell you—

Senator McCarthy: Why don't you start with what you have and then we can take the others on notice from January to March.

Mr Griggs: We'll get the first quarter of the calendar year for you on notice.

Ms Collard: I can tell you how much we currently fund, if that's what you—

Senator McCarthy: No, from March to June, you said you had figures there. Would you be able to tell us what they are?

Ms Collard: Okay, I'll repeat that. From 1 March to caretaker we made a decision on 240 activities, with a total value of $567 million; however, because caretaker was on 11 April, the checks and balances, out of that 240 activities, only about a quarter have been progressed, with the rest that we have to continually progress.

Senator McCarthy: Let's look at the numbers there. If we're saying that a quarter have been progressed of the 240 activities from March to June, are the remainder included in those 200 that you told us about from July?

Ms Collard: Yes, of the 240 we approved during that period that I've just mentioned, a quarter have been progressed. Prior to July there were 38 activities actually executed. We're still in the progress of doing the checks and balances with all the others. We could get that data but we haven't got that data on today's date, exactly how many of those have been executed.
Senator McCARTHY: Maybe you would like to take this one on notice. I've asked you to give us the 200 funding decisions. Could you also give us the names of the 240 activities and the amounts that were requested.

Mr Griggs: I think what has happened here is you obviously have the caretaker period, where very few new funding decisions were made, and then, post the election, we started to get things back through to the minister for decision. We'll lay it out so you can see.

Senator McCARTHY: That would be great.

Mr Griggs: I know where you're trying to achieve.

Senator McCARTHY: I'm thinking that's what you've done, but it would be good to see what decisions were made prior to June and what has been rolled over into this new lot from July. It's important.

Mr Griggs: There are some that have rolled through, just because of the nature of the decisions. We've been working with providers to refine some of the proposals in some cases. We'll get that information for you.

Senator McCARTHY: If you're able, take all of those questions on notice for the committee. On 5 April an IAS grant of $3,828,000 was approved with a start date of the same date of Fortescue Metals Group Limited for a grant activity described as 'Parity'. Can you give details on this activity and what exactly 'Parity' is in this context.

Mr Griggs: I'll get Dr Hartman to come up. It's the Employment Parity Initiative. I forget the start date. It's probably 2014 or 2015. It pays money to companies to drive them towards having a workforce which has an Indigenous component at parity, so around the three to 3.2 per cent mark. That's what the purpose of the scheme is, but Dr Hartmann can give you some more details.

Dr Hartmann: The Fortescue Metals Group was provided with funding for 400 jobs as part of a career advancement pilot. This is slightly different to the way we provided funding under the Employment Parity Initiative for other partners.

Senator McCARTHY: What does that mean? Does Fortescue ask for money so they can employ 400 people?

Dr Hartmann: They have 400 Indigenous staff that they are bringing on board as part of their career advancement pilot.

Senator McCARTHY: But why would they come to IAS?

Dr Hartmann: Under the IAS program, we fund—through the Employment Parity Initiative—partners to work with us, to try and increase the proportion of Indigenous employees. Fortescue Metals Group is one of those groups that we've partnered with.

Senator McCARTHY: What was your figure? I named a figure; was that correct? Can you give us the figure that you provided to Fortescue?

Dr Hartmann: I'm just going to find that for you. Just a moment—we're going to find that for you.

Senator McCARTHY: How does that work? If you've got a multimillion dollar company, what's their profit?
Dr Hartmann: I'm not able to comment on their profit, but we partner with companies both big and small, and some of those larger companies are very important in helping us close the gap in terms of bringing Indigenous employees into their organisations.

Senator McCarthy: You're still trying to find the figure for me. In terms of the 400 jobs, how much money of the IAS would that be for each of those 400 positions?

Dr Hartmann: Senator, my colleague will provide you with that figure.

Ms Clough: The funding committed for Fortescue Metals Group is $3,828,000.

Senator McCarthy: Of that, how much would go to each of the 400 people in those jobs?

Dr Hartmann: The unit cost—so each person for that job would receive just over $8,000.

Senator McCarthy: Eight thousand dollars each?

Ms Clough: The individual doesn't receive a payment. Under the Employment Parity Initiative, it's a payment to the Employment Parity Initiative partner when that person has achieved an employment outcome. In Fortescue Metals Group's case, the outcome under this particular funding agreement is related to a career advancement outcome. It's a combination of employment and career advancement.

Mr Griggs: In this scheme there have been a lot of entry-level jobs, and what we're now saying is, 'Well, that's great. It's good to have all these entry-level jobs. What we want to see is career development and career pull-through to higher level jobs.' That's what we're doing in this case with FMG.

Senator O'Sullivan: Can I ask a question to assist—

Senator McCarthy: Could I just finish—

Chair: If it's a clarifying question, Senator O'Sullivan, you can jump in quickly.

Senator McCarthy: All right.

Senator O'Sullivan: My understanding of that particular program is that they have a lot of people who've been working driving dump trucks with automation, which has come into that industry. Those jobs would otherwise be made redundant. Is this program aimed at helping those people who otherwise have a low level of skills to develop their skills so that they can go up to a more advanced level within the company?

Dr Hartmann: That's correct.

Mr Griggs: Then there's the philosophy of not just being satisfied with having lots of entry-level jobs. We want to see career advancement, not just entry-level jobs.

Senator McCarthy: If Fortescue Metals Group posted its biggest ever profit, of $4.72 billion, how does it qualify for a government Indigenous grant of nearly $4 million?

Dr Hartmann: As I outlined before, we work with companies both large and small. Fortescue Metals Group plays a very important role in bringing Indigenous—

Senator McCarthy: How does it qualify? I'm sure it does play a very important role—on a lot of levels!—but how does it qualify in terms of the processes of government grants? We're talking about a billion-dollar industry here.
Dr Hartmann: Sure, Senator. I think Fortescue Metals Group in this instance has played an important role in bringing Indigenous employees through. We don't look at the turnover of the company as a prerequisite for providing funding under the Employment Parity Initiative. We look at the ability of those companies to bring on Indigenous—

Senator McCarthy: You're kidding me! You don't look at what the company brings in? Come on. Seriously, you must know—

Mr Griggs: It is not one of the requirements of the scheme.

Senator McCarthy: But you would be aware.

Mr Griggs: Yes, but it is not one of the requirements.

Senator Seselja: Surely, Senator McCarthy, you're not suggesting that these kind of programs should only be done with companies that don't turn a profit. Is that the suggestion?

Senator McCarthy: I think it's important, Senator, that if there is a process of government grants, then we need to understand the thinking behind why you would proceed to give it to a company that has had its largest profit ever, of $4.72 billion, and I think that's just a fair question of process. Can I just go onto how many Indigenous people are employed under this grant. Is it just the 400 jobs that were provided for that?

Dr Hartmann: For the Fortescue Metals Group it is for the 400 career-advancement positions, yes.

Senator McCarthy: Are the jobs full time or part time?

Dr Hartmann: I don't have that information.

Senator McCarthy: Why don't you have that information?

Ms Clough: They're full-time positions.

Senator McCarthy: They are full time?

Ms Clough: Yes. There are particular rules around how long a person needs to work, hours wise, in order to ensure that an outcome payment is able to be made. Our objective is to make sure that a jobseeker, and then an employee, has a job that will enable long-term sustainable employment, and that requires a certain number of hours.

Senator McCarthy: That's good. How many of the 400 are still in the job?

Ms Clough: The contract has only recently been signed. The outcome payments for this particular organisation are around two years, so a person will need to be in the job—

Senator McCarthy: They haven't started yet; is that what you're saying?

Ms Clough: I haven't got the data on how many have actually started, but it will be two years worth of employment before the organisation is able to claim an outcome payment.

Senator O'Sullivan: So they're not paid upfront, they're paid as long as the outcome is achieved.

Mr Griggs: It's outcomes based.

Senator McCarthy: So if the 400 people don't stay—if only half stay—is that when the payment comes into place for Fortescue?

Ms Clough: If half drop out, there's no payment for that half.

Senator McCarthy: That is yet to begin?
Ms Clough: Correct, because we've only just—

Mr Griggs: The other thing with this one is that, as Ms Clough said, this is two years. Traditionally in the scheme it's been a 26-week outcome. We've been trying to push this out so it's a more meaningful outcome and a better return from a grant perspective.

Senator SIEWERT: So the money is potentially being used to hire a contractor to come in and provide the educational support or training or whatever the program involves.

Mr Griggs: That's a cost that the EPI partner bears. They don't get a payment for that until the employment outcome.

Senator SIEWERT: So the money is potentially being used to hire a contractor to come in and provide the educational support or training or whatever the program involves.

Mr Griggs: That's a cost that the EPI partner bears. They don't get a payment for that until the employment outcome.

Senator SIEWERT: I understand that.

Senator McALLISTER: This is a question about the policy rationale for a program of this kind. Senator Seselja, of course your strawman hypothetical—'Do you want it to do it with companies that are unprofitable?'—is not right.

Senator Seselja: There was an implicit—

Senator McALLISTER: May I ask my question.

Senator Seselja: But there was an implicit suggestion in your question, which I was responding to.

Senator McALLISTER: Could I just ask my question rather than have the minister interrupt me.

CHAIR: Certainly you can.

Senator McALLISTER: Thank you. A company like Fortescue has very significant resources. As Senator McCarthy noted, it posted a very large profit in financial year 2019. When you look at their annual report, they make a big deal about corporate social responsibility. It's in a huge font. They make a big deal about Aboriginal employment, and they're perfectly entitled to do so. But, if it's Aboriginal employment that's actually subsidised by a public investment, it's actually an interesting situation, isn't it, because they are monetising, through the promotion of their corporate social responsibility, a contribution that's been made by government. What we're trying to understand is what the philosophical rationale is for paying a company like Fortescue to employ Aboriginal people when they also seek to benefit from it from a commercial perspective, as is evidenced by the presentation in their annual report. So just an explanation of those fundamentals would be helpful—from someone.

Dr Hartmann: I can take that one. In terms of Fortescue Metals bringing on Indigenous employees and, in this case, the 400 career advancement positions, this company plays an important role, as do other companies, in assisting with closing the gap in employment between Indigenous and non-Indigenous Australians. On the 400 Indigenous employees placed in these career advancement positions, our view is that this is something that our organisation should fund in order to help to close the gap and bring more Indigenous people into work.

CHAIR: If we're moving off this topic, I just thought it would probably be fair to add to the record that, at least according to Fortescue, they have awarded $2.3 billion in contracts to Aboriginal businesses and joint ventures since 2011. I think the $3 million from taxpayers is a drop in the ocean compared to a very impressive commitment.
Senator McALLISTER: That's a business decision.

Senator McCARTHY: Not into those communities and organisations that have been rejected from IAS, Chair.

CHAIR: Who's seeking the call?

Senator McCARTHY: I am. Is there any reason why billion-dollar companies have to receive such government subsidies to employ Indigenous people?

Dr Hartmann: Is the question about whether there is any reason why they have to receive it?

Senator McCARTHY: Don't these jobs exist anyway in these huge companies?

Dr Hartmann: The purpose of our employment programs is to try and encourage Indigenous employment, so big companies play an important role in that.

Senator McCARTHY: An audit released by the ANAO in June found there was still no reliable methodology for measuring outcomes of the IAS framework, and evaluation procedures are still being developed five years after its rollout. So when will you start evaluating the IAS?

Dr Hartmann: We are evaluating programs and policies under the IAS. In 2017-18, we evaluated, I think, around 43 different programs and policies under the IAS. In 2018-19, I think it was somewhere around 17. So we are actually committed to evaluating our policies and programs under the IAS.

Senator SIEWERT: Out of how many? Forty-three and 17 out of how many grants?

Dr Hartmann: Obviously there are more than that many programs.

Senator SIEWERT: Exactly.

Mr Griggs: There are about 3,800 in total across the entire IAS.

Senator McCARTHY: Grants?

Mr Griggs: Around that, yes.

Senator McCARTHY: Just going back, in response to your answer, Dr Hartmann—

Mr Griggs: Sorry; there are 3,800 individual grants, not 3,800 programs. There are multiple grants within programs. I don't want you to—

Senator McCARTHY: I must have hearing problems. Can you just repeat that?

Mr Griggs: There are around 3,800 individual grants, but there are not 3,800 programs, because obviously there are multiple grants within programs.

Senator McCARTHY: Thanks for that clarification. Earlier Ms Collard said that 75 per cent of applications were not progressed. Of the 75 per cent not progressed, are there any organisations that had previous grants that are waiting for new grants to be progressed and yet their funding has run out and it has caused them financial stress?

Mr Griggs: We have a round of grants called ceasing grants that finish at a specified time, and we have two rounds of ceasing grants a year.

Senator McCARTHY: That's a formal terminology for them, is it?

Mr Griggs: 'Ceasing grants' is internal terminology, because they're on a set time period.

Senator McCARTHY: For them to run out?
Mr Griggs: Therefore they're ending on 31 December and the end of June. What we've done, since I've got here, is adjusted the decision points to March for a June commencement, and the end of September or early October for that end of December announcement. We've just concluded our deliberations and have notified all grants that are ceasing at the end of December that all recipients have been notified of the decisions.

Senator McCarthy: Thanks, Mr Griggs. I might unpack that a little bit. In the lead-up to the election, which is Ms Collard's area of March to June, how many ceasing grants were there?

Ms Collard: I don't know if we have that figure on us, but the recent ceasing grant activities—

Mr Griggs: We can get you that information.

Senator McCarthy: Do you have that with you?

Mr Griggs: I don't think we've got it with us.

Ms Collard: I'm not sure we have that figure on us. However—

Mr Griggs: We will get you the exact numbers. It was around 400 that were due to cease in June.

Senator McCarthy: How many of the 400 have been funded beyond June?

Mr Griggs: The vast majority. We'll get you the exact number.

Senator McCarthy: What would the number be that didn't get funded?

Mr Griggs: I wouldn't like to speculate, but we'll get you the details. We'll try and do that before the lunchbreak, if we can.

Senator McCarthy: Last year the government awarded nearly half a million dollars from the IAS to non-Indigenous organisations to argue detriment cases in 16 NT land claims. Justice Mansfield was very critical of the detriment arguments put forward. Are you satisfied you got value for money for these grants?

Mr Griggs: I'll get the team to come up.

Mr Bulman: We've discussed these grants at previous committees. The grants were for both building the education of the organisations to understand Aboriginal land rights as well as participate in the detriment component of the land rights for 16 land claims. That enabled the Aboriginal Land Commissioner to finalise a detriment review of those 16 land claims, which puts us in a better position to be able to progress the land claims.

Senator McCarthy: But are you satisfied you got value for these grants?

Mr Bulman: We went through a process of assessing the applications that they were an effective use of money and, yes, we're satisfied.

Senator McCarthy: Has that been achieved?

Mr Bulman: The grants are still underway. The time period's out to 2020. There's a large education component built into all these grants, where you educate the members of the fishermen's, the cattleman's and the seafood council so they have a better understanding of the Aboriginal land rights in the Northern Territory and can work in a more cohesive manner with stakeholders.
Senator DODSON: Wasn't the Land Rights Act passed in 1976?
Mr Bulman: Yes, it was.
Senator DODSON: What have they been doing about their education programs since then?
Mr Bulman: That would be a question for those organisations.
Senator DODSON: We are paying money out to now to educate them on their obligations or their opportunities under the Land Rights Act. How absurd is that?
Senator McCARTHY: Have the land claims in these cases been granted as yet?
Mr Bulman: Not yet. In February, the Land Commissioner tabled the detriment report into parliament, and that's being considered by the minister. That was for the 16 priority land claims. You've got to recall that some of these land claims have been going on since the 1980s and 1990s, and we had to go through a process of reviewing the element of detriment for those claims so we can move them forward.
Senator McCARTHY: Yes, but wasn't one of the grant requests around speeding it up?
Mr Bulman: There were several investments into trying to speed up this process. It's a real priority for us to finalise these historic claims. Part of that was giving the Northern Land Council $7.5 million, because the large majority of the 41 outstanding land claims are in their jurisdiction and that enables them to put greater resources into this. Separately, we had to work with the organisations and the governments that consider there's detriment from granting land rights—the Northern Territory government, the Cattlemen's Association, the Amateur Fisherman's Association and the Seafood Council. Putting all these elements in place and working with the Land Commissioner who also received around an additional $1 million for resourcing enabled us to push forward on 16 of these very old risk historic claims. It's a big move, and one or two have been granted in the parliament last year. Was that two, Mr Beswick?
Mr Beswick: Earlier this year, in February, scheduling for six land claims was provided for Kakadu and another one.
Senator McCARTHY: You're saying those six are part of the 16?
Mr Beswick: No. The 16 land claims that are the subject of the Land Commissioner's review of historic detriment was a process of updating the detriment on land claims that had been previously recommended for grant by an Aboriginal Land Commissioner that had not progressed over time. In order for those grants to be considered by the minister to be recommended for grant, it was necessary for the detriment to be updated on those land claims, because of the lapse of time that had occurred since those original land claims reports and recommendations were provided.
Senator McCARTHY: Thank you. Can I go back to the IAS. How much money is in the IAS? How much funding?
Mr Griggs: Over the forward estimates it's $5.3 billion, I think.
Mr Bulman: It is approximately $1.1 billion per year and over forwards.
Mr Griggs: It is about $5.3 billion over the forward estimates.
Senator McCARTHY: Over how many years?
Mr Griggs: Over the forward estimates: $1.3 billion per year and $5.23 billion over forward years.

Senator McCarthy: It's $1.3 billion annually, and we're in a new financial year, so you'd be at the beginning of that?

Mr Griggs: We're a few months in.

Senator McCarthy: Thank you, Mr Griggs.

Senator Siewert: I want to go to issues around the flag and access to ATSIC documents. I understand that there was a licence for reproduction of the Aboriginal flag held by ATSIC.

Mr Griggs: That's correct.

Senator Siewert: And the ATSIC annual report for 2003-04 listed the flag licence as one of its intangible assets. I am trying to ascertain whether we can get a copy of that licence and the documents around the acquisition of it. I don't know who is responsible—

Mr Griggs: I'll take that. I can, today, give you the agreement, with two things redacted: one is the dollar value of the agreement, because of the commercial nature of that with Mr Thomas, and some privacy details, such as addresses and things like that. Otherwise, it is 'as is', if that meets your requirements.

Senator Siewert: If you could table that, that would be appreciated.

Mr Griggs: We can table that.

Senator Siewert: What advice have you provided to government in terms of where the issue is at the moment? You'll be aware that many community based organisations are being asked to pay large amounts of money. Whether it's actually to use the flag or an admin fee, the fact is that it's costing organisations a large amount of money and this issue needs to be resolved.

Mr Griggs: The minister met with Mr Thomas in June—I think it was 20 June. He discussed Mr Thomas' perspective on this. The government's position is that this is a matter of Mr Thomas' copyright and that he is entitled to enter into commercial arrangements—and as you know he has been through the courts on this matter to have his copyright affirmed. We understand there are three commercial agreements that he has. One is with Carroll and Richardson Flags, trading as Flagworld. That's for the manufacture and sale of the Aboriginal flag. Then there are Gifts Mate Pty Ltd, previously Birubi Art, for the sale of products bearing a reproduction of the flag, and WAM Clothing Pty Ltd, to reproduce the flag on clothing. The concern is around the execution of the WAM Clothing agreement. I have written to Mr Wooster, the head of WAM Clothing, and sought to explore this issue with him. I requested a meeting to explore the issue with him. Yesterday, I was handed a letter from his lawyers saying to direct all correspondence to the lawyers. I'm still very keen to meet and explore that. The government's position has been clear that it's a matter of Mr Thomas' copyright and the government doesn't intend to override that.

Senator Siewert: Have you sought advice on what rights the Commonwealth has, because the flag is listed under the Flags Act?

Mr Griggs: Mr Bulman?
Mr Bulman: Under the Flags Act, all Australians have a right to display the flag et cetera. That is different from a commercial right, which is then covered under the copyright law.

Senator SIEWERT: If someone is just using the flag on sports apparel—which I am sure you are aware is one of the issues—for a community based organisations, is that covered by the provisions of the Flags Act, when they're Aboriginal people proudly displaying the flag, which they consider their flag, on sports gear, where they're playing at the community level, for example?

Mr Bulman: I'm not an expert on the Flags Act but the act applies to flying our official flags.

Mr Griggs: The use of the flag by other people on clothing, for example, comes under the licence agreement with WAM Clothing. That's what WAM Clothing is enforcing. They're enforcing their legal agreement with Mr Thomas around reproducing the flag on clothing, if someone else reproduces the clothing. They are exercising their rights as the licensee.

Senator SIEWERT: Can I ask why the Commonwealth decided they're not going to consider acquiring copyright or entering into more formal discussions about that?

Mr Griggs: I wasn't at the meeting in June, but my understanding is that Mr Thomas does not want that to happen. He wants to retain his copyright.

Senator McALLISTER: Thank you for tabling the documents. It was a document I had also sought. Can I ask whether the department has received advice about paragraph 2 in the document that's been tabled, which goes to the licence that's been granted to ATSIC and to the regional councils and any body of elected Indigenous representatives that may succeed them? What is the department's view about the interaction between that licence and the licensing agreements that have been enacted between Mr Thomas and Carroll and Richardson Flags, WAM Clothing and the third organisation?

Mr Bulman: Gifts Mate is the third—previously Birubi Art Pty Ltd.

Senator McALLISTER: Have we got advice about the interaction between the licence that's been allocated here in this documentation, and these other licensing arrangements?

Mr Bulman: They're two very different arrangements. One's a commercial arrangement. We don't have visibility of those agreements at all; they're between the copyright owner and those companies. The ATSIC agreement was with ATSIC or elected Indigenous representatives. For the purposes of our agency, we fly the flag, proudly, but we are governed under the Flags Act.

Senator McALLISTER: I'm not so concerned about whether the department is engaged in some kind of breach of copyright, or infringing Mr Thomas' copyright. I'm concerned about the broader policy issue, which is First Nations people wanting to use their flag. I'm asking about the effect of the licence, which is established in this document that's been tabled this morning. What is the department's advice about the effect of that document?

Mr Bulman: We haven't had advice on the interactions between commercial agreements and the non-commercial ones, such as the ATSIC one, or any other non-commercial one that Mr Thomas may have in place. I must reiterate that we have no visibility of the commercial agreements. They're private agreements, so we wouldn't be able to scrutinise the terms of those private agreements to determine the impact on other agreements.
Senator McALLISTER: Two questions. You say you have no visibility on any of these other agreements with the three private organisations. Am I to understand that the Commonwealth has none of the documentation?

Mr Bulman: The commercial agreements, no. They're between—

Senator McALLISTER: Yes, I understand. But they haven't been provided to you through any of the discussions that Mr Griggs or the minister has been engaged in?

Mr Bulman: No.

Mr Griggs: What I'm trying to do, in terms of WAM Clothing, is to explore what the art of the possible is here. I don't want to make this any more divisive than it already is. I think that's a really important position, from our perspective—to try to resolve this in a way that doesn't destroy the unifying nature of this flag. I think that's really important. I think I know where you're coming from on that cause, too. I understand where you're coming from. I'm happy to give you some advice on notice around that interaction.

Senator McALLISTER: So am I clear: the department has, to date, not sought any legal advice about the effect of the agreement that has been tabled here?

Mr Griggs: There is no settled view at the moment around the applicability of this agreement, in terms of the specific nature around ATSIC and representative bodies and then it flowing through to the NIAA.

Senator McALLISTER: Mr Griggs, I'm asking a process question. Has advice been sought on that question?

Mr Bulman: On the interaction of the ATSIC agreement to the commercial agreements?

Senator McALLISTER: On the effect of the licence agreement that has been tabled today. Has the department sought advice from the Government Solicitor, from an external legal source or from in-house counsel within your organisation? Has any legal advice at all been sought about the effect of this document?

Mr Bulman: Yes; on whether the current agreement applies, we've sought some advice. There are different views around whether it's still in play or still applies. We haven't sought advice, to my knowledge, on the interaction of that agreement with the commercial agreements, because we don't have the commercial—

Senator McALLISTER: From whom has the advice been sought?

Mr Bulman: In-house, internally.

Senator McALLISTER: Internally.

Senator SIERSBERT: Is that just about how NIAA can use it?

Mr Bulman: That's correct.

Senator SIERSBERT: Okay, because I see, now that I've had a chance to have a look at it, this relates to any bodies of elected Indigenous representatives that may succeed ATSIC, presumably. So did the advice that you sought just relate to NIAA or to the extent of other elected Indigenous representatives?

Mr Bulman: NIAA. There were no elected Indigenous representative bodies that succeeded ATSIC, the commission, after its abolition in 2005, as this sort of proposed at the time of its drafting. So there was no-one we could test legal advice on, against another
Indigenous elected body. They closed the representative elements of ATSIC, and there were no other elected Indigenous representatives that succeeded ATSIC.

**Senator SIEWERT:** So the key word there is 'succeed'?

**Mr Bulman:** 'Succeeded ATSIC'. Yes. It sort of considers that, should ATSIC have evolved or changed, there would have been elected Indigenous representative bodies that reflected, say, the old regional council structure.

**Senator McALLISTER:** Mr Griggs, a few clicks back, I asked you what your objective was, and you said your objective was: not inflaming or making the situation more divisive, I think, or words to that effect. Is that the sum total of the government's policy objective in relation to the issues that are presented by WAM's behaviour in seeking to enforce its rights?

**Mr Griggs:** WAM is enforcing its legitimate right under the licence.

**Senator McALLISTER:** Yes, but what is the government's policy objective in relation to the Aboriginal flag?

**Mr Griggs:** Well, the policy objective is that the flag continues to be seen as a unifying symbol and not a divisive one, which is why we're trying to work through this in the way that we are. As you can see, this is not black and white, and we have to work through this in a considered way.

**Senator McALLISTER:** Does the government believe that the Aboriginal flag ought to be for all Australians, and all Aboriginal people in particular, to use?

**Mr Griggs:** Yes, and I think the minister has made that point publicly.

**Senator McALLISTER:** Thank you. I didn't want you to leave this committee, or anyone listening, with the impression that the government's agenda here was merely tactical, to avoid having conflict. There is a higher purpose, which is to secure the use of the flag for its intended purpose.

**Mr Griggs:** And as a unifying symbol, which is what I was really driving at.

**Senator McALLISTER:** I see. Thank you.

**Senator McMAHON:** The Northern Territory has many remote Indigenous communities where there is no or very little economy and, consequently, no jobs for the residents, who mostly exist on welfare. I recently visited a number of primary producers throughout the Northern Territory and spoke with them about their options for labour force. Most of them have Indigenous communities, many with large numbers of people on welfare, in fairly close proximity to their properties. Unfortunately, none of those I spoke with currently have any Indigenous employees, despite a universal desire expressed by them to engage and employ locals, and many of them are going to quite extreme efforts to engage and employ people living near them. They all felt that there was a general lack of need and desire to work. I personally know many, mainly quite old people, in the Northern Territory who have a very long and proud history working with the pastoral industry. However, it concerns me that instances as I've described are a result of intergenerational dependence on welfare and an erosion of self-worth and self-esteem. What measures have been and are being implemented to intercede on behalf of Indigenous people who find themselves in these welfare-dependent circumstances?
Mr Griggs: That's one of the reasons for the IAS—to have an amount of funding that can address a number of those issues. We were talking earlier about some of our employment programs; that's one aspect. The Community Development Program, of course, is another. There is this jobs and economic focus. Our predecessor organisation traditionally had a fairly heavy social policy focus and less of an economic development focus, but, in the last couple of years, there's been a very distinct shift to that. As I said in my opening statement, we're continually trying to upskill our regional footprint. We have some 500-odd people working around 70 locations across the country to identify and facilitate economic opportunity. There are a range of initiatives. There's the Indigenous reference group supporting Minister Canavan's Northern Australia development program. We can talk about some of the individual programs, if that's what you're after. Effectively, we have a range of employment-related focused activities.

Senator McMahon: Have you been able to measure the successes of some of these programs so far?

Mr Griggs: As Dr Hartmann said, we have embarked on a much stronger evaluation program. What the ANAO audit said was that we were in an early stage of development. Professor Anderson can talk to the evaluation piece in a bit more detail.

Senator McMahon: But some of these programs have been going for a very long time.

Mr Griggs: Yes, they have.

Senator McMahon: Have you measured successes in some of them?

Prof. Anderson: We collect ongoing data. All our employment programs are scheduled for evaluation over the next 12 months as part of our schedule.

Senator McMahon: Have any of your evaluations so far been useful to further develop your strategies in this area?

Dr Hartmann: The results of our evaluations do feed into policy and program development and into improvements in policies and programs. So, yes, they do and, yes, they have.

Senator McMahon: What would you suggest is needed to ensure some more positive outcomes, and what additional assistance, if any, would you suggest your department needs to achieve your goals?

Prof. Anderson: There are three elements: a much stronger regional focus on jobs and economic development so that it can actually connect up the sorts of industries that you're talking about with job seekers; a stronger focus across government through the skills agenda on ensuring that people are job ready; plus a more joined-up approach to the work that we do in our space or in our jobs programs with the set of initiatives that are run through the department responsible for employment.

Senator McMahon: Do you have any strategies for developing real—that is, not propped up by grants or subsidies—sustainable industries to make remote Indigenous communities self-sufficient and prosperous.

Ms Bird: We do have strategies. We have the Indigenous Business Sector Strategy. Aspects of that strategy specifically are about helping to stimulate the economy in remote Australia. We've got programs such as the microfinance program, which looks to work with
smaller microenterprises to help them develop economic opportunity and also to provide community development support in remote Australia. In addition, we’re currently piloting incubators which are attached to the Community Development Program. They’re looking to incubate small businesses and opportunities in remote Australia as well.

**Senator McMAHON:** I’m not really talking about microbusiness or small business. I’m talking about actual sustainable industries that are going to provide jobs now and into the future.

**Ms Bird:** I understand that particular focus. However, one of the benefits of entrepreneurship is being able to create opportunities that didn’t otherwise exist. If they’re driven by people who live in remote areas, they’re more likely to be sustainable over the long term. That is why we’re trying to focus on helping to develop the entrepreneurial capability and skill set as well. That could very well turn into bigger industries over time, but, in some cases, you need to start small in order to go towards those larger, longer, bigger outcomes.

**Senator McMAHON:** I do understand that, but, at the same time, the figures on the failure rate of small businesses is huge, particularly in the first five years. So is it not true that most of these little microbusinesses and small businesses that are being set up are going to fail?

**Ms Bird:** Certainly that's a statistic and that's a broader economic issue around small businesses establishing. Some of the services that we've put in place are designed to assist with that, in terms of wraparound. For instance, with the incubators that we're trialling, part of the purpose of that is to create a safe environment to begin to get those businesses up and running, to explore and to provide support to the people who might wish to run those businesses so that they have potentially greater prospects of success in that medium- and short-term risk period. We're not looking for people to establish businesses without any support. We are trying to build that capability and skill set through these trials, and through other services, such as the microfinance example that I spoke about, as well.

**Senator McMAHON:** But even with all the support in the world, most of these businesses are going to fail, because that's what happens to micro and small businesses. The failure rates are huge. It seems that we're pouring all of our efforts or most of our efforts into setting businesses up that are going to fail and not setting up anything that is going to be economically feasible and sustainable and is going to provide real prosperity for these communities.

**Mr Bulman:** If I could assist, the government has a broader northern Australia agenda, which includes setting up the Northern Australia Infrastructure Facility, which is a large capital facility. One of the elements that gets drawn to our attention in remote Australia—and Mr Griggs indicated we’ve built a reference group to help inform advice—is access to capital and infrastructure.

**Mr Griggs:** The focus is on the Indigenous component of that.

**Mr Bulman:** Yes, which focuses on the Indigenous component of the northern Australia agenda. In other portfolios across government there is quite a large focus on this, as well as access to capital, to overcome some of the boundaries that you've pointed out.

**Senator McMAHON:** Is that the NAIF loans that you were referring to?

**Mr Bulman:** That's correct.
**Senator McMAHON:** You'd be aware that that's well and truly underspent and very unlikely to spend its full budget, so it's not happening, certainly not in the Northern Territory.

**Senator O'SULLIVAN:** My question is in relation to the employment programs, so if the officials responsible for that could come back to the table, please. Can someone confirm for me whether or not the practice of governments providing funding to employers, be they large or small, for the training of Indigenous people so that they can take up jobs within those companies is a recent practice or has been going on for some time, maybe the last decade or so?

**Dr Hartmann:** In terms of the employment programs, there are a range of programs that we have in place. We've got the vocational training and education program, we've got the Tailored Assistance Employment Grants and we also have—

**Senator O'SULLIVAN:** I understand those programs exist now, but the practice of actually providing funding directly to employers—are you familiar with the Indigenous employment program, for example? It might have pre-dated your time but there are officials here that have been around a long time. I'm looking at some of them who I've known. The Indigenous Employment Program was in place between 2008 and 2013. Are you familiar with that?

**Dr Hartmann:** I'm personally not, but my colleagues—

**Senator O'SULLIVAN:** There was another program 'Step' and 'Steppers', or other programs.

**Ms Clough:** Yes, there are a range of programs that existed prior to the bringing together of Indigenous programs back in 2013.

**Senator O'SULLIVAN:** Are you aware that, under the IEP program, organisations, really profitable businesses like Crown, Spotless, Compass, ESS, I could go on—these are really good Australian companies employing lots of people—were funded by the Australian government to take people that were unemployed, help them to address their barriers to employment, train them into those jobs and see them sustained in those jobs over a period of time.

**Ms Clough:** The particular organisations that you mention are currently funded by—

**Senator O'SULLIVAN:** They were funded more than just under current programs. These programs have been funded for a long time, is that right?

**Ms Clough:** The information we have is about the organisations that we've funded over the recent time. I don't have information about—

**Senator O'SULLIVAN:** Take it on notice, if someone can get back to us, whether these profitable companies that are employing good Australians were funded prior to the Indigenous Advancement Strategy initiative. Is the Vocational Training Employment Centres program still funded by the Australian government?

**Dr Hartmann:** Yes.

**Senator O'SULLIVAN:** Is there recurrent funding? What's the status of that program at the moment?

**Dr Hartmann:** We have a number of VTECs that we're funding, and the number of current providers is 30.
Senator O'SULLIVAN: That's across Australia?
Dr Hartmann: Yes.
Senator O'SULLIVAN: What has been the success of that program? What's the retention rate measured at 26 weeks?
Dr Hartmann: The average retention rate is about 60 per cent.
Senator O'SULLIVAN: For the cohort of people going through the mainstream programs—jobactive in particular—is there an equivalent figure?
Ms Clough: The two programs—jobactive and the VTECs—are complementary. They're different, so we tend not to directly compare. There are differences in the way the two programs operate around hours and measurement of employment outcomes, which means that they're actually not directly comparable. They are established to deliver different services and they have different funding models as well. At a very high level they're broadly similar.
Senator O'SULLIVAN: It's not an apples-with-apples comparison? That's what you're saying.
Ms Clough: It's not really an apples-and-apples comparison.
Senator O'SULLIVAN: The VTECs are funded under a different model in that the providers are paid on retention, aren't they? So it's employment outcomes.
Dr Hartmann: Yes.
Senator O'SULLIVAN: We're not just funding training or activities.
Dr Hartmann: That's right.
Senator O'SULLIVAN: The provider receives funding. You're nodding and saying yes, just for the Hansard.
Dr Hartmann: Yes, on achievement.
Ms Clough: It is a 26-week employment outcome.
Senator O'SULLIVAN: That's when the provider gets the funding?
Ms Clough: Under the current VTEC funding model, there are four-week, 13-week and 26-week employment outcome payments.
Senator O'SULLIVAN: Is there a particular focus on a cohort of jobseekers? Is there a particular focus on the cohort of Indigenous jobseekers that might have significant and multiple barriers to employment?
Ms Clough: Yes, there is a weighting towards those Indigenous jobseekers that would fall into the JSCI classifications of streams B and C. The way the funding model operates is that the VTEC is contracted to deliver a certain number of job placements. There's a cap on the placements that they can make and therefore an outcome payment under stream A, which are the more job-ready jobseekers. The payment for placing and getting an employment outcome for a stream A is lower than the payment that the provider would receive for a stream B, and the greatest payment is for an outcome for a stream C.
Senator O'SULLIVAN: So it is weighted towards outcomes for those jobseekers with high levels of barriers?
Ms Clough: Bs and Cs.
Dr Hartmann: The most disadvantaged jobseekers.

Ms Clough: Where the barriers are greatest.

Senator O'SULLIVAN: Are there updated figures on the breakdown of each cohort—A, B and C?

Ms Clough: The dollar value?

Senator O'SULLIVAN: No, the percentage or the total number of outcomes achieved for people. It can be expressed as a percentage if you like.

Ms Clough: Yes, there's what's contracted.

Senator O'SULLIVAN: I'm interested more in what was achieved. You can take that on notice.

Dr Hartmann: We'd have to take that one on notice.

Senator O'SULLIVAN: That's perfectly fine. With that, if I can get the total number since its commencement—

Dr Hartmann: Into the different streams?

Senator O'SULLIVAN: Yes, by stream, and then, importantly, the number of people that also sustained a 26-week employment outcome.

Dr Hartmann: Within each stream, yes.

Senator O'SULLIVAN: Within each stream, so the number that commenced and then, following that, the number that reached a 26-week employment outcome, by stream.

Dr Hartmann: We can get that.

Ms Clough: The funding model did change about a year and a half ago. Prior to January 2018, the funding model was a simple 26-week employment outcome.

Senator O'SULLIVAN: On that, can you provide it, on notice, year by year so that we can see if there was a change with the funding model. I understand that the funding model meant that rather than it being all on 26 weeks there were some milestones along the way. I'd be interested to understand what impact that's had on the outcomes—whether it's improved them, whether it's helped.

Dr Hartmann: Sure. We'll take that on notice.

CHAIR: Senator McCarthy. Just note that we have five minutes before we're due to go to the break.

Senator McCarthy: All right, in the five minutes that I have I'll be as quick as I can. I'm going to go to CDP. The minister, in the previous term, announced that around 6,000 jobs would be subsidised under CDP, and on 4 February this year said that it would be a thousand jobs, from March, in remote Australia. How many of these 1,000 jobs have been created?

Ms Bird: Thank you for the question. Of those thousand jobs, we've had 25 positions approved for commencement.

Senator McCarthy: Could you provide us with where those jobs are.

Ms Bird: Broadly speaking, they're in Western Australia, Queensland, Northern Territory and New South Wales.

Senator McCarthy: How do they break down in each of those four places?
Ms Bird: I don't have that with me at the moment but I can get it to you by the end of the session if that would assist.

Senator McCARTHY: Okay. So there are 25 positions. What's happened to the other 900 positions?

Ms Bird: They'll be filled over the course of the program, I would expect. It is open at the moment, and we've got 25 that we've approved.

Senator McCARTHY: But you made this announcement in February—

Ms Bird: Yes.

Senator McCARTHY: And only 25 have been allocated.

Ms Bird: That's correct.

Senator McCARTHY: When do you expect the remainder to be complete?

Ms Bird: The program is open, and so we'll continue to accept applications as they are made. It's demand driven, so it will be filled as the applications are made and approved.

Senator McCARTHY: Are they full-time positions?

Ms Bird: They're a mixture of full- and part-time positions. I'm speaking about the program as a whole, as opposed to these 25 positions in particular.

Senator McCARTHY: During the February estimates hearings the agency said RISE Ventures, one of the CDP providers, was a 50 per cent Indigenous owned company and so met the criteria. Is it correct that RISE Ventures is 50 per cent Indigenous owned?

Mr Denny: RISE Ventures is controlled; it has no ownership.

Senator McCARTHY: Is controlled by whom?

Mr Denny: As in the board membership?

Senator McCARTHY: Yes.

Ms Bird: There's a majority, 66 per cent, Indigenous board.

Senator McCARTHY: So a 66 per cent Indigenous board?

Ms Bird: Yes.

Senator McALLISTER: Is that the test: it's controlled based on board members rather than financial control, Mr Denny?

Mr Denny: There is no minimum eligibility requirement, so we have a strong preference for Indigenous organisations.

Ms Bird: In terms of the CDP-specific situation.

Mr Denny: In terms of the selection process, yes.

Senator McCARTHY: How many CDP contracts is RISE Ventures currently involved in?

Mr Denny: There are two where it holds the funding agreement. There's one other region where it's a material subcontractor, so it's working with another provider who's the primary lead CDP provider. It holds two in its own right.

Senator McCARTHY: And where are they?
Mr Denny: In Central Arnhem region, which is region 33, and in Kowanyama-Pormpuraaw, region 55 in Queensland.

Senator McCarthy: Is this alone or in a partnership?

Mr Denny: In region 33 it does have partnership arrangements in place. I know that in both of those regions there are partnership arrangements in place. I know in region 55 there are at least three or four local partners, where they've got a consortium arrangement. I'm just trying to find those for you, if you want the names of those. Also, I think in region 33 it's with Jawoyn Association.

CHAIR: We're on schedule for the break, Senator McCarthy, so this will be your last question.

Senator McCarthy: Okay. I'll go to your Indigenous board members. Could you give us a list of who the Indigenous members are.

Mr Denny: In RISE Ventures.

Ms Bird: Wendy Yarnold and Martin Chambers.

Senator McCarthy: Thank you.

CHAIR: Will senators require the National Indigenous Australians Agency after lunch?

Senator Siewert: Yes.

CHAIR: That's an affirmative from Senator Siewert. I just note for the record that senators, including you, Senator Siewert, have indicated they have a significant amount of questions for health matters this afternoon, so we will have to reconcile those two competing objectives. The committee will now suspend as agreed. When we return we'll continue with the National Indigenous Australians Agency before turning to cross-portfolio health matters.

Proceedings suspended from 12:21 to 13:41

CHAIR: The committee will now resume. Mr Griggs, I believe you might have some answers to questions from earlier?

Mr Griggs: That's correct. If I could just read in a couple of responses to Senator McCarthy's questions around funding approvals.

CHAIR: Please.

Mr Griggs: Firstly, we were talking about the round of ceasing grants for June of 2019. There were 336 ceasing activities; 249 were continued, valued at $355 million across financial years 2019-20 through to 2021-22. There were 87 activities that were ceased. The data for the first quarter of this financial year, from 1 July until the end of September: 267 activities, with a value of $135.2 million; 261 of those were approved by delegates within the NIAA, and six were approved by the minister.

CHAIR: Thank you. Senator Dodson.

Senator Dodson: My question is in relation to constitutional recognition and the voice to parliament. I don't know who you need up there. There is a battery of people behind you.

Mr Griggs: We will get Mr Fox to come up.
Senator DODSON: The question is probably for you, Mr Griggs. I refer to the 2019 budget allocation of $7.3 million for constitutional recognition of Aboriginal and Torres Strait Islander peoples co-design process. Can you give me an update on this process to date?

Mr Griggs: What I can say is that the minister intends to make an announcement as early as next week on the co-design process, and I think it would be inappropriate for us to steal his thunder.

Senator DODSON: I understand that. Does the agency have a role in this process? If so, is there advice being provided to the minister or to the Prime Minister?

Mr Griggs: Our role in both constitutional recognition and the voice is to help facilitate the co-design process. That's our principal role.

Senator DODSON: I will come to that in a bit. What's the role of the Prime Minister's Indigenous Advisory Council? Is that still in existence?

Mr Griggs: It does exist but it has no formal role in this at this point.

Senator DODSON: Okay.

Mr Griggs: Whether that remains, I can't say.

Senator DODSON: They're primarily the advisers to the Prime Minister, not to the minister?

Mr Griggs: They are the Prime Minister's Indigenous advisory—

Senator DODSON: That should prove interesting. How much of the 4.3 mil has been expended to date and on what?

Mr Griggs: I'll get Mr Fox to answer. Are you talking about the $7.3 million?

Senator DODSON: The 7.3. What did I say?

Mr Griggs: 4.3.

Senator DODSON: Sorry. I thought you might have spent three!

Mr Fox: As Mr Griggs indicated, the minister is going to make an announcement on the process in coming days. That means that the only moneys we've expended to date have been on internal staff costs associated with the planning and development of that co-design process and provision of advice to the minister. I don't have the actual number for those staff costs, but I'm certainly happy to provide that to you if that would be of assistance. But we would expect that, once the co-design process kicks off, we would be starting to draw more heavily on the money that's been allocated through the budget.

Senator DODSON: I take it from that no contracts have been entered into?

Mr Fox: That's correct.

Senator DODSON: Have any been prepared?

Mr Fox: No.

Senator DODSON: Pretty close if we got an announcement on Tuesday. Have you got a matrix for how these funds might be distributed? A funding matrix for the $7.3 million? There are staff costs, of course. What are the other parts of it?
Mr Griggs: There will be a reasonable amount for logistics for those people who are participating in the co-design process itself. Obviously, moving people around the country and particularly—

Senator DODSON: So there's no real overview, except your operational determinations, as you go forward under the guidance of it?

Mr Griggs: Yes.

Senator DODSON: Okay. The minister has sought to separate co-design of the Indigenous voice to parliament and issues of constitutional recognition, but the budget papers clearly identify the items together. Can you explain this inconsistency?

Mr Griggs: I'm not convinced it's an inconsistency. There's an overall amount for both, and it will be apportioned as we need.

Senator DODSON: Well, there seems to be an inconsistency in the voice being recognised in the Constitution and a legislative process—that it will be subject to co-design. That's the point I'm making. There seems to have been a political decision somewhere, by someone, to decouple the funding for the voice to parliament and the referendum, and a legislative process.

Mr Griggs: I don't think there's been any decision to decouple funding. There's been a decision to decouple the issues.

Senator DODSON: Okay. So when was that made?

Mr Fox: There have been ongoing discussions that we've had with the minister. There have been a number of other discussions. As the minister has said publicly, the focus is and has always been on engaging with the community to get views on what voices might look like, and, with that in place, then consideration can be given to what form a referendum or constitutional recognition might take.

Senator DODSON: Is it wrong, then, for me to assume that the funds would be used to develop the voice propositions for entrenchment in the Constitution?

Mr Fox: The co-design process would commence with options for voices and would then move to consideration of the Constitution issues. The funds have been appropriated for both.

Senator DODSON: Constitutional issues? I'm asking a specific question about the voice, as opposed to constitutional issues.

Mr Fox: Okay. Could you repeat your question, then, Senator, I beg your pardon?

Senator DODSON: As you know, there's been a call by people, from the Uluru Statement, for a voice to parliament to be entrenched in the Constitution. There may be constitutional issues about that. But I'm asking about the decoupling and when this took place—that just the legislative process would be pursued, and there's no clarity about the voice, and that voice, whatever it is, being entrenched in the Constitution. There may be constitutional issues about that but I'm asking when the decoupling take place—when it was that there would be just the legislative process pursued and no clarity about the voice, whatever it is, being entrenched in the Constitution.

Mr Fox: The process would be that the co-design would focus in the first stages on voices and what those might look like, and the money would be expended for that purpose. As Mr
Griggs said, we don't see that necessarily they are decoupled, but they are separate but related processes.

Senator DODSON: Was the agency consulted about the shift in the process here, Mr Griggs?

Mr Griggs: We've been having ongoing discussions with the minister throughout.

Senator DODSON: I'm asking about the specific separation of going down the path of developing a proposition for constitutional entrenchment of the voice and the separation of that from a legislative process co-designed to develop legislation for a voice.

Mr Griggs: I understand what you're saying. That was a political decision that's been taken by the government.

Senator DODSON: So when was that decision taken? When were you informed of the decision?

Mr Griggs: I think the decision was effectively announced by the minister in the Lingiari speech in August.

Senator DODSON: He went to the Press Club, and they were both connected then. Something happened between the Press Club address and the Lingiari address.

Mr Griggs: I'm not aware of a particular date where a particular decision was taken.

Senator DODSON: So the allocation of funds has moved from the purposes of the voice being entrenched, because there seems to be a political decision—not to have the voice entrenched, to have some other form of constitutional recognition, whatever that might be.

Mr Griggs: As far as the agency's concerned, that particular money was for both things. It was to develop options for a voice and to develop the potential referendum question.

Senator DODSON: But you're saying that you've always thought that was a wider question than the voice.

Mr Griggs: I'm not commenting on the question. I'm looking at it from a process perspective. From our perspective, we considered that money always to be for both purposes.

Senator DODSON: Did you have any other contemplation except the voice being enshrined in the Constitution?

Mr Griggs: No, the issue was about what the model out of the co-design process would lead to. We don't have a position on that because the co-design process hasn't started.

Senator DODSON: I'm sorry, but that's not answered the first part of it. The co-design is used in two contexts: one in terms of legislation and one in terms of constitutional recognition. Somewhere the process has been broadened out from a voice being entrenched in the Constitution to something else now that we don't know, which is to be the subject of further consultations.

Mr Fox: I don't have the exact measure in front of me, but, going from recollection, the allocation of the funding of the $7.3 million was described as being for the co-design process for a voice to parliament and to improve local and regional decision making as well as developing options for the constitutional recognition of Aboriginal and Torres Strait Islander
Australians. So the process that we're going through is consistent with the measure and the appropriations that were provided to us to facilitate that process.

**Senator DODSON:** It seems to me that that may be in your reading of it but the political circumstances have been changed and you haven't been informed or someone's made a decision and you are pursuing something that was in the budget that is no longer the political position—that is, there's no voice to be entrenched in Constitution.

**Mr Fox:** We've been asked to work with Indigenous Australians to co-design options for a voice and then to consider options for the constitutional recognition of Indigenous Australians, and that's what we'll be doing.

**Senator DODSON:** That's the supermarket, isn't it? Options. There was a clear option put to this government by people at Uluru. They wanted a voice entrenched in the Constitution. The government put money aside for that purpose. Now you're saying, 'Well, no; the money is for some other purpose now to look at other options.' Can you see the confusion I have?

**CHAIR:** Let me clarify the question: has it ever been the policy of either the Morrison government or Turnbull government to enshrine a voice in the Constitution?

**Mr Fox:** Not to the best of my knowledge. The commitment that the government has made is to look at options for constitutional recognition for Indigenous Australians.

**CHAIR:** Did the Morrison government or the Turnbull government ever set aside money to facilitate enshrining a voice in the Constitution if that was not its policy?

**Mr Griggs:** I think Mr Fox explained what the purpose of the budget measure was.

**CHAIR:** Thank you. Sorry, Senator Dodson.

**Senator DODSON:** When did the Morrison government make the decision not to pursue the enshrinement of the voice in the Constitution? Was it before the minister made his Press Club address or after it? The minister is certainly on the record at the Press Club, saying, 'We're going to pursue the voice'. Then something happens and he's up in Darwin at the Lingly lecture, and he says, 'No, we're not going there now'.

**Mr Griggs:** That's not something I can answer.

**Senator DODSON:** But you've got money allocated that people have understood would be directed towards the referendum on a voice to be entrenched in the Constitution. Now you're saying, 'No; that money is now going to be used in some broader way to clarify yet again with the First Nations peoples what it is that they really want.'

**Mr Griggs:** The money has been allocated as outlined by Mr Fox.

**Senator DODSON:** That's exactly what I said. Mr Fox is talking about a range of constitutional options.

**Mr Fox:** I'm describing what the measure that we received from the budget—sorry, let me go back. The money was allocated in the budget for the purposes that I described.

**Senator SCARR:** Could you read out that paragraph again.

**Mr Fox:** I don't have the actual measure in front of me. I'm seeing if one of my colleagues has it. As I've interpreted it and as we've written down, it says that $7.3 million was allocated for the co-design process for a voice to parliament and to improve local and regional decision-
making as well as developing options for the constitutional recognition of Aboriginal and Torres Strait Islander Australians.

**Senator DODSON:** As the chairman has said, the Morrison government and the Turnbull government have been consistent in denying or rejecting the request of First Nations for a voice to be entrenched in the Constitution?

**Mr Griggs:** I think what the chair said was that it's never been the policy of the government. I think that's very different.

**Senator DODSON:** It's never been the policy of the government?

**Mr Griggs:** That was what the chair said.

**Senator SIEWERT:** You don't inquire just into things that are policy of government.

**Senator DODSON:** It's not the policy of the government, so why put money aside for a non-government policy?

**Mr Griggs:** It is the policy of the government to co-design development of a voice to parliament and to develop options for recognition of Aboriginal and Torres Strait Islander peoples in the Constitution.

**Senator DODSON:** Does that include the voice?

**Senator Seselja:** Not the voice in the Constitution.

**Senator DODSON:** So there is no use of the funds to be made towards the design of the set of words to go in the Constitution to entrench a voice.

**Senator Seselja:** It's a co-design process for the voice.

**Senator DODSON:** That's legislation, Minister. I understand that.

**Senator Seselja:** And the second part is looking at options for constitutional recognition.

**Senator DODSON:** What are the options if there's no policy position on it and therefore there's no commitment.

**Mr Griggs:** It's a co-design process.

**Senator Seselja:** There's a process which the—

**Senator DODSON:** No, don't try and bamboozle me with the co-design process. Let's just take a hypothetical. If, out of this next iteration of consulting First Nations about what it is they want, having told you already what they want—you're going to have another iteration now and ask them: 'What do you really want? We heard you the first time. No, we didn't hear you the first time. We want to hear you again.' If they'll come back and say, 'We want the voice in the Constitution,' which they've been saying for a fairly long time, you'll say, 'I'm sorry, we've just spent'—I don't know how much you intend to spend on this. Mr Fox, can you inform me?

**Mr Fox:** $7.3 million has been allocated.

**Senator DODSON:** $7.3 million and you'll get the same answer, potentially, that you got from Uluru.

**Mr Fox:** Perhaps the other way of explaining it is that we've also been mindful of the recommendations of the joint select committee, which you and Mr Leeser co-chaired, which recommended that there be a co-design process to articulate the detail of the voice and that,
following the co-design process, the government should consider legislative, executive and constitutional options to establish the voice. So the co-design process that we were allocated funding for also goes to the implementation of that recommendation.

Senator DODSON: That's recommendation 2.

Mr Fox: I don't have the number in front of me, but I'll take your advice.

Senator DODSON: Yes, because that is about the option to establish the voice in the Constitution. That's what that means.

Mr Fox: I'm not sure those words are in the recommendation.

Senator DODSON: They're not explicitly there but, if you read it, it says:

… recommends that, following a process of co-design, the Australian Government consider, in a deliberate and timely manner, legislative, executive and constitutional options to establish The Voice.

That's what it says. It doesn't say, 'Come up with another set of options'.

Mr Fox: It says: 'Following co-design, the government consider legislative, executive and constitutional options'.

Senator DODSON: 'To establish the voice.'

Mr Fox: That's right.

Senator DODSON: Read the rest of the sentence, comrade. Sorry, Mr Fox, but that's what it says, and you walked away from this, so you can't say you're consistent with the committee that Mr Leeser and I co-chaired.

Mr Fox: We haven't yet commenced the co-design process.

Senator DODSON: You are going to commence a process. There's no policy of the government to even go near that proposition—that is, constitutional entrenchment of the voice. That's the point. You're misleading the public if you continue to say you're going to look at all the options when the government's got no intention of doing that. You ought to be straight with the First Nations and tell them. How much did you waste on the Uluru process—or spend?

Mr Fox: I think we've previously provided answers on that. I don't have that detail in front of me.

Senator DODSON: All right, but there's been millions of dollars spent on this process. I was co-chair back in 2012 at the beginning of this process, and there was a lot of money spent. When you've got clarity from the First Nations out of Uluru after a series of 12 or so reasonable dialogues and you're going to embark on another co-design process to determine what it is that the First Nations want, you can see why they get a bit cynical with governments.

Mr Fox: I now have the text of the budget measure, which is exactly what we're implementing. It says:

The Government will provide $7.3 million in 2019-20 for the co-design of options for a Voice to Parliament for Aboriginal and Torres Strait Islander peoples.

The co-design of a model to improve local and regional decision-making will involve engagement and consultation with Indigenous communities and organisations across Australia and is consistent with a recommendation of the Joint Select Committee on Constitutional Recognition Relating to Aboriginal and Torres Strait Islander Peoples.
The Government remains committed to the process of constitutional recognition for Aboriginal and Torres Strait Islander Peoples and will conduct a referendum once a model has been settled, consistent with the recommendations of the Joint Select Committee. Funding for this measure has already been provided for by the Government.

That's an extract from Budget Paper No. 2.

Senator DODSON: That says that, once you've got a model design, you go to referendum. That's what that says, but that's not the position of the government. Am I having a problem hearing what you're saying?

Mr Fox: I think the government has always maintained that it will conduct a referendum for constitutional recognition—

Senator DODSON: No, but on a model that's agreed for the voice, that's what it says.

Senator SIEWERT: Can I jump in, Senator Dodson?

Senator DODSON: Sure.

Senator SIEWERT: I have trouble working out why the decision has already been made when the government's committed to co-design and one of the issues that's clearly on the table in First Nations communities is a voice in the Constitution. I know the government doesn't like that idea—the Prime Minister's made that patently obvious—but the government has taken it off the table. So can people even raise that issue? If you're going to co-design, surely you keep that model on the table to see what First Nations people want. You've already undermined the very concept of co-design. Does the government not get that? You've taken the model off the table already.

CHAIR: To assist, Senator Siewert: I don't know if it would be a good idea for governments to pretend they're going to do something they have no intention of doing.

Senator SIEWERT: That means they're not prepared to listen to First Nations peoples. That's what they're saying. Did the government consult with any First Nations peoples before the Prime Minister made the call that it's not going to go in the Constitution? Was any further consultation undertaken before that decision was made?

Mr Griggs: I'm not aware of any, but that doesn't mean there wasn't, because we weren't involved in that process. It's a political process.

Senator SIEWERT: It was a political decision.

CHAIR: I think it was a decision of cabinet, Mr Griggs, under former prime minister Malcolm Turnbull.

Senator SIEWERT: This is a different prime minister and the circumstance has moved on.

Senator DODSON: Chair, can I ask Mr Fox to table that budgetary instruction or whatever he's referring to? I have a different interpretation of what you're making of it.

CHAIR: I'm sure we can table that. It's from the budget papers.

Mr Fox: It's an extract from Budget Paper No. 2. I don't have it in a tabling format. I don't have it in the email that we received.

CHAIR: I'm sure the secretariat can manage to find that.
Senator DODSON: That is clearly linked to the outcome of the development of a voice for legislation.

Mr Fox: The task we have is to co-design options and then put those to government—

Senator DODSON: No, no, sorry; that is clearly linked to a voice being the outcome and that voice being the substance of the referendum.

Mr Fox: I'm not sure that that link is made.

Senator DODSON: Well, I have no set of words in front of me; you have the advantage of looking at a set of words. I've heard something and you differ, but that is clearly what I understand you to have said. You've got two things now. Firstly, as Senator Siewert said, there's no commitment; and, secondly, you've got a budgetary indicator that says these co-design processes are about the legislation that develops a model for the voice, and, once that's done, we then deliver, in the Constitution, the voice or the set of words to entrench the voice. That's the way I read it and interpret it. It doesn't say, 'We'll have another set of constitutional options for you to consider.'

Senator Seselja: Chair, I think we're probably slightly going around in circles.

Senator DODSON: We have been for a while, and not just in this meeting—since 2012.

Senator Seselja: I think the officials have answered the question. There's clearly a difference of opinion, but the officials have answered what the money is being used for out of the budget, and the process, and Mr Griggs has flagged that the minister will be making more announcements on the detail of this soon, so no doubt the minister will have more to say in the coming days or weeks.

Senator DODSON: I appreciate your constructive intervention, Minister, but unless he's going to say the policy about the entrenchment of the voice in the constitution has changed then it's going to be a hot balloon.

Senator Seselja: He has put the views of the government forward and he has outlined the process going forward.

Senator DODSON: It's up to the Australian people to hold the government to account, really, on this matter.

Senator SIEWERT: I want to go back to the Community Development Program. As I understood it, there was a commitment for 6,000 subsidised placements or jobs as part of CDP.

Mr Griggs: That was subject to the legislation that did not pass.

Senator SIEWERT: So how many are available now?

Ms Bird: As Mr Griggs has indicated, the 6,000 was attached to legislation. Separately, the government has also announced the 1,000 jobs program.

Senator SIEWERT: And how's that been rolling out?

Ms Bird: We've approved 25 positions. I indicated earlier that I would give the committee information on where those positions are. There are 11 positions in Western Australia, two in New South Wales, eight in the Northern Territory and four in Queensland.

Senator Seselja: The 1,000 jobs initiative is, as I understand it, in two tranches. The first tranche, which was launched from September, is 100 jobs and the second tranche will be 900
jobs. So the 25 positions we are talking about there is the initial 100 in that first process and then there will be a second process with another 900 jobs. I think that will commence early next year or later this year.

**Ms Bird:** Later this year.

**Senator SIEWERT:** There isn't much of this year to go.

**Senator Seselja:** It's coming soon.

**Senator SIEWERT:** Has a decision been made about which states the 900 will be allocated to?

**Ms Bird:** There is no specific allocation state by state.

**Senator SIEWERT:** How will that decision be made? Will it be based on application?

**Ms Bird:** That's correct.

**Senator SIEWERT:** Will there be a different process for those 900?

**Ms Bird:** The first release, as mentioned, is 100 positions. Our intention as we roll out those first 100 positions is to consult, receive feedback and ensure the settings we have in place for those first 100 positions are appropriate. There may be some things that we need to iron out—some feedback that we receive from employers, providers and others—that we would like to incorporate into further releases. I anticipate that it will be very similar, but we may seek to make some adjustments to policy settings.

**Senator SIEWERT:** Who do you consult when you do that?

**Ms Bird:** In the last few months we have been working with the CDP providers and the peak organisations, and we have had discussions with employers as well.

**Senator SIEWERT:** Will you be doing that with that same group for the subsequent process?

**Ms Bird:** Yes. And obviously we are happy to talk to people who have an interest. It is a regular part of our program management to engage with stakeholders about how the programs are working and whether they can be improved.

**Senator SIEWERT:** I've consistently asked for the regional breakdown of data for CDP and consistently it is not provided. I will ask again: why can't regional data be provided? It's not as if you are identifying anybody.

**Ms Bird:** Which particular data are you referring to?

**Senator SIEWERT:** Data on jobs for CDP and the outcomes for CDP at a regional level. You still don't adequately provide that information. Are you now able to provide more detailed information about employment outcomes?

**Ms Bird:** I don't have the regional breakdown with me.

**Senator SIEWERT:** I don't necessarily mean right now. Sometimes you have to take things on notice.

**Ms Bird:** Remote communities, as you know, are small. For some regions, when we start to cut the data down to specific levels, it can cause us some concerns about potential privacy issues. I'd have to have a look at specific questions.
Senator SIEWERT: You could go to fewer than 20, for example. It's fewer than five for the CDP and for income management data. I would have thought that was potentially pretty personal. We get that level of data, so I still don't see why there's an issue.

Ms Bird: I'll have to take on notice what we can provide. There are a range of things that have to be looked at in the data analysis.

Mr Griggs: In terms of regions, from your perspective, are we talking about CDP regions or other regions?

Senator SIEWERT: I'm trying to look closer than the CDP regions. Perhaps we'll try that first.

Mr Griggs: By region? By the 60 regions?

Senator SIEWERT: We're trying to go smaller—

Mr Griggs: You're trying to get to almost the community level?

Senator SIEWERT: Yes. Do you have subregions?

Ms Bird: I think there are challenges in providing that specific level of information at the community level. It can depend.

Ms Bird: I'll undertake to do the best we possibly can to provide that data.

Senator SIEWERT: Thank you. The latest data on the number of penalties, which was released fairly recently—is that the most up-to-date data that's available at the moment?

Ms Bird: The data that was published at the end of—

Senator SIEWERT: Yes.

Ms Bird: Yes.

Senator SIEWERT: Thank you. It saves me asking for more of that. Have you seen these signs that were put up by one of the CDP providers? I was told about them fairly recently.

Ms Bird: Yes.

Senator SIEWERT: Have you responded to them? Have you had complaints about them? What action have you taken?

Mr Denny: We have. We are aware of that matter. The signs have been taken down. We've spoken to the provider. We've had our regional network staff out on the ground conducting site visits over the last week. We are aware of that sign.

CHAIR: Senator Siewert, is the document you're referring to public? Is it something we can share with other committee members?

Senator SCARR: Just hold it up so we can see.

CHAIR: What does it say?

Senator SIEWERT: There's a symbol with 'no cash' through it, and it says 'No show, no pay'. It makes the bold comment: 'From 1 October 2019, if you don't come to activities, your Centrelink payment can be affected.' There's another one about 'No show, no pay'. There has been a very strong reaction to the posting of those signs. I have had complaints about not being able to—a lack of contact.

Mr Griggs: We made it very clear that they were unacceptable.
Senator SIEWERT: Okay. I've heard the signs have come down, but there were other issues related to those signs, in terms of the way people felt that they weren't able to access information or get support.

Mr Denny: One of the issues there is the ability of the provider to access some of the facilities in that region, but they've now resolved some of those issues. In terms of the ability to engage with participants, that's on the way to being resolved. We're working with both of those local organisations to resolve that.

Senator SIEWERT: When will it be resolved?

Mr Denny: I couldn't give you a time frame on it, but we've made it very clear to the provider that, if there's an issue with access, the participants aren't the ones who should be penalised for that. That's why those sorts of signs are inappropriate.

Senator SIEWERT: Did you look at whether there were additional penalties that occurred as a result of that, and were there?

Mr Denny: Yes, I believe there were. On a particular day there were a number of suspensions, but they've been lifted.

Ms Bird: The suspensions don't result in financial penalty, and my understanding is they were lifted by DHS.

Senator SIEWERT: I've had other discussions with another department about what constitutes a penalty and a suspension. A suspension can still have significant consequences.

Mr Denny: Yes.

Senator SIEWERT: How soon were they lifted?

Mr Denny: As soon as we became aware of it.

Senator SIEWERT: But how long after it happened?

Ms Bird: My understanding is that it was within a couple of days, but we can confirm that.

Senator SIEWERT: Can you check and confirm how many and how many were lifted, and were only suspensions applied or were other penalties applied? That would be appreciated.

Ms Bird: Yes.

Senator SIEWERT: Have there been other instances of other providers doing similar sorts of things that have come to your attention?

Mr Denny: Not that we're aware of.

Senator SIEWERT: Not that—

Mr Denny: We're not aware of any.

Senator SIEWERT: Thank you. In the interests of time, I'll put my other questions there on notice.

CHAIR: Thank you, Senator Siewert. We are overdue to go to health. Are there any further questions for the agency?
Senator McALLISTER: Yes. I want to understand the allocation of funding to Aboriginal community schools in the 2018-19 years in Western Australia. I think there was funding provided to—

Mr Griggs: Language teachers? I think that's where it is.

Senator McALLISTER: I'll check what the specifics were for but they were grants to Aboriginal community schools. Some of them are for staff and others are described as school support projects. The two in particular that I'm interested in are the Yakanarra Community School and the Yiyili community school. There have been reports that government won't be renewing the funding to those schools. Is that correct?

Mr Exell: Thanks for the question. First of all, no, that's not correct. Additional funding has been provided for those schools. Funding for these positions has been provided since the early 2000s under Department of Education programs. When the IS was established there was a range of funding brought in from other departments, education was one of those. Over a period of time where we have situations where there's in-school employment, so these are teachers and support staff that are principally involved in a school role, we have been looking to transition responsibility for that funding over to the Department of Education in the states through the broader national partnership agreement. For most other situations the funding responsibility has been transferred through to those state and territory jurisdictions. Because this is a non-public school, it's an independent school, that hasn't been as straightforward or as simple. That is something we are working through. Where does the funding responsibility lie for these in-school positions? But the key thing is additional funding has been provided for the 2020 year where we'll work through that with the WA state government.

Senator McALLISTER: When you say additional funding, is the funding that's been provided sufficient to maintain the positions—

Mr Exell: Yes. For the positions that have been discussed, yes.

Senator McALLISTER: So that's for 2020—

Mr Exell: Correct.

Senator McALLISTER: I'll just clarify the amount of money that's been received—for example, in the Yakanarra Community School what's the 2020 allocation?

Mr Exell: Let me just see if I can find that. I don't think I have it broken down into the individual schools. We'll see if someone's got that. Sorry, I don't have that specific figure.

Senator McALLISTER: The information I have is that they previously received a grant—

Mr Exell: Sorry. I have found it. The Yakanarra Community School is $285,000, six positions.

Senator McALLISTER: So $285,000 over one financial year?

Mr Exell: Correct.

Senator McALLISTER: To me, they'd previously received $630,000 across two financial years which is effectively 315,000 a year, the amount you're providing is $30,000 less than what was previously available, not accounting for inflation, just in nominal terms.
Mr Exell: Yes, off the top of my head. I'll have to check that specific difference. That could be that different positions have been requested. My understanding is that in that school there are different types of staff that are being funded. If there's a different mix to those staff then you have a different cost for the total annual figure. I will have to check what the specific arrangement is.

Senator McALLISTER: If you could provide on notice the specifics of the grant allocation that would be appreciated.

Mr Exell: Yes.

Senator McALLISTER: Do you have figures for the Yiyili community school?

Mr Exell: That's $483,000.

Senator SIEWERT: I just wanted an update on the funding for the Family Violence Prevention Legal Services, whose funding expires next year in 2020.

Mr Exell: That is currently before government and we're expecting a decision on that shortly.

Senator SIEWERT: You haven't made a decision yet?

Mr Exell: It's being considered.

Senator SIEWERT: Is 'shortly' before the end of the year?

Mr Exell: Yes, that's a fair—

Senator SIEWERT: Is it dependent on the Charles Darwin University evaluation?

Mr Exell: It depends how you define dependent. We consider renewal or funding through evaluations and the inputs they provide. I wouldn't say it's 'solely dependent', but I would certainly say that's one of the factors that the government is considering in the funding of that activity.

Senator SIEWERT: Will they be provided with or told of the evaluation before it's publicly released?

Mr Exell: My understanding is that the draft, consistent with our evaluation practices, has been shared with them.

Senator SIEWERT: Will they get a heads-up before it's formally released?

Mr Exell: I'll have to take the exact timing of that on notice.

Senator SIEWERT: Okay.

Mr Exell: Certainly, they've seen the draft, they've been consulted on it and they've fed comments into it. They're aware of the draft in full.

Ms Davis: The services have seen the final evaluation—each of the 14 Family Violence Prevention Legal Services have seen the final one, and I've made a commitment to giving them a little bit of notice before it is published.

Senator SIEWERT: Fantastic. Thank you.

Department of Health
National Indigenous Australians Agency
CHAIR: We welcome officers from the Department of Health to join officers from the National Indigenous Australians Agency for this section on Indigenous health issues. Ms Edwards, do you wish to make an opening statement?

Ms Edwards: Not so much an opening statement, but, in February when we last met in our community affairs committee, I gave an update in response to questions from Senator Dodson on our activity in relation to Indigenous suicide. I'd like to take a couple of minutes to provide a further update.

CHAIR: Yes, that would be good, as long as it's a couple of minutes, please.

Ms Edwards: The government has placed a very high priority on suicide prevention activity for Aboriginal and Torres Strait Islander people in communities. We appreciate that, while current programs are making a positive impact, more work is needed. This is highlighted by recent ABS data which showed that rates of suicide amongst Aboriginal and Torres Strait Islander people have remained largely unchanged over the last 12 months. The five-year, age standardised rate of suicide for Indigenous people remains nearly twice that of non-Indigenous people. We remain focused on fulfilling the government's commitment to working with leaders, elders, young people and communities throughout Australia to identify what more can be done and act accordingly. The activity is being progressed on a whole-of-government basis. As part of that collaboration across government, Minister Wyatt, the Minister for Indigenous Australians, is continuing to chair the community working groups for both the Kimberley and Darwin suicide prevention trial sites.

At the February estimates hearings, I spoke about some of the activity underway in the Kimberley as part of the National Suicide Prevention activity there. Since that update, there's been further progress. Gatekeeper training is continuing to be rolled out across nine identified communities under the trial. This includes the Bidyadanga program for men and women and the Kimberley Empowerment Healing and Leadership Program. In addition, Empowered Young Leader forums have been held for East and West Kimberley young people, aiming to increase their uptake of mental health and social and emotional wellbeing services. I understand Senator Dodson attended the forum in Broome in April. The Wot Na Wot Kine campaign to promote social and emotional wellbeing for young people in the Kimberley was launched on 13 October. This positive, strength based campaign developed through extensive consultation with the community, service providers and young people aims to give young people conversational tools that emphasise when it is they should seek professional help.

Work on the Kimberly Cultural Security Framework also continues to guide best practice. With respect to the Darwin trial, the delivery model, Strengthening Our Spirits, has been finalised and will govern the trial activities going forward. I can also advise that a number of specific activities agreed upon by the working group are under way. This includes the delivery of training to organisations to equip staff with appropriate cultural knowledge to provide services that meet the needs and expectations of Aboriginal and Torres Strait Islander people. Examples include mental health first aid training courses, suicide intervention and awareness training, and trauma and resilience training.

Other important actions since we last met include government support for the establishment of Gayaa Dhuwi (Proud Spirit) Australia, a national independent and inclusive Indigenous social and emotional wellbeing, mental health and suicide prevention leadership body. Gayaa Dhuwi will deliver a national plan for culturally appropriate care and make
suicide prevention services available and accessible to First Australians no matter where they live. There has been additional investment in mental health research as part of the Million Minds Mental Health Research Mission on how to make health programs for Aboriginal and Torres Strait Islander people more effective. An extension of funding for the Centre of Best Practice in Aboriginal and Torres Strait Islander Suicide Prevention under the National Suicide Prevention Leadership and Support Program has also been granted. The accelerated roll out of the Beyond Blue school based mental health education program in the Kimberley and the Pilbara has occurred recently. A range of programs designed to build the resilience of Aboriginal and Torres Strait Islander people across regional and remote areas of Australia are in train. These include support to Red Dust Healing for mental health, suicide prevention and social and emotional wellbeing programs in the Northern Territory, and support for the establishment of a centre of excellence in childhood wellness to assist children and adolescents affected by childhood trauma.

Finally, I wanted to reflect on the work of the Prime Minister's National Suicide Prevention Adviser, Ms Christine Morgan. The Prime Minister has appointed Ms Morgan to work across governments and the community to develop options to improve the way frontline services, community based organisations and programs support those at risk or in crisis, especially including young people and Aboriginal and Torres Strait Islander people. I can confirm that Ms Morgan has been travelling to locations across Australia to listen to community concerns, with a particular focus on regional and remote Aboriginal and Torres Strait Islander communities. The _Hansard_ of the hearings on Wednesday in the community affairs committee will provide further information for senators who weren't able to attend. The department is working closely in supporting Ms Morgan with her work.

We look forward to taking your questions today. Thank you for your indulgence.

**CHAIR:** Thank you. The committee has just under half an hour left. I will start with the opposition and then we'll go to Senator Siewert.

**Senator DODSON:** Thank you for that overview. There were questions I was going to raise, but you seem to have covered them. I'm not sure whether they're succinct, as yet, but thank you for doing that. Thank you for the acknowledgement that I do do things when I'm back in Broome. My question is in relation to the health program, the IAHP. I think I've had these discussions with you previously.

**Ms Edwards:** Yes, Senator.

**Senator DODSON:** Can you just confirm that all the administrative expenses under DoH program 2.2, 'Aboriginal and Torres Strait Islander Health', are for the IAHP, the Indigenous Australians' Health Program.

**Mr Matthews:** Are you looking at the budget papers or are you looking at the administered appropriation for the Indigenous Australians' Health Program?

**Senator DODSON:** I'm looking at probably something that's unrelated to either of those things.

**Mr Matthews:** That's okay.

**Senator DODSON:** I don't have the detail.
Mr Matthews: There is an appropriation for government called the Indigenous Australians' Health Program, and that money is entirely for the health and wellbeing of Indigenous people.

Senator DOSDON: That's what I wanted to get to. Thank you. Are there any other streams of funding under that program?

Ms Edwards: That program is our primary Indigenous-specific health program. I would be quick to add that we are working very hard to ensure that all of the appropriations across the whole of the health department provide appropriate investment and assistance for Aboriginal and Torres Strait Islander people. For example, obviously all of the expenditure under outcome 4—MBS, PBS and hospitals—provide benefits to Aboriginal and Torres Strait Islander people, and so it should. One of the focuses of the division, as well as making sure we administer appropriately the Indigenous Australians' Health Program for specific investments, is to ensure that, throughout the whole of the portfolio, Aboriginal and Torres Strait Islander people are front and centre of mind as we make investments and that all programs cater.

Senator DOSDON: I'll come back to that in a second. Is the IHAP funding around $946 million in 2019-20?

Mr Matthews: Yes, that's correct.

Senator DOSDON: And the guestimate is rising to $1.065 billion by 2022-23?

Mr Matthews: Those are the figures in the portfolio budget statements from 2019-20—yes.

Senator DOSDON: Thanks for confirming that. In February you gave this committee a breakdown of the IHAP funding and said that 65 per cent went to ACCHOs, two per cent went to other Indigenous organisations and 33 per cent went to non-Indigenous organisations, including 13 per cent to primary health networks, nine per cent to other governments and 12 per cent to other organisations. I assume those figures were for 2018-19. Can you give us the updated figures for 2019-20?

Mr Matthews: Yes, I have a breakdown of that. Regarding the broader IHAP, the primary healthcare funding within the IHAP, the component for Aboriginal community controlled health services is 83 per cent and, for other Indigenous organisations, one per cent is the component that is specific to primary health care. For the broader IHAP overall, which is the $945 million you were referring to earlier, the figure for Aboriginal community controlled health services it is 63 per cent, for Indigenous community organisations that are not Aboriginal community controlled health services it is 2.7 per cent, for other organisations it is 35 per cent, of which for PHNs it is 13 per cent, for non-Indigenous it is 13 per cent and for government organisations it is nine per cent.

Ms Edwards: Those numbers are as at 31 August this year—just to make sure you've got the year to date.

Mr Matthews: They will shift around a little bit, but they are broadly consistent with where they were previously.

Senator DOSDON: There is a slight drop, though, on the non-Indigenous entities.

Mr Matthews: It will vary from time to time, depending on some—
Senator DODSON: When they're acquitted or made.

Mr Matthews: As I said, one of the challenges is points-in-time information.

Senator DODSON: Is it possible to go back to 2014-15 and bring the figures forward or table those figures?

Mr Matthews: Potentially.

Ms Edwards: We will take on notice to provide what we can. Our reporting mechanisms may not have been as good then as they are now, but we'll certainly take on notice to provide you what we can from that time.

Senator DODSON: I'm sure they weren't as good as they are now.

Ms Edwards: Of course. We're improving them all the time.

Senator DODSON: Thank you. In February you also gave us a breakdown of primary care funding, which is subject to the overall IHAP funding. You said that 84 per cent went to ACCHOs, one per cent went to other Indigenous organisations and 16 per cent went to non-Indigenous organisations. I know it doesn't add up to 100; someone has rounded it off. What are the latest figures?

Mr Matthews: They were the figures I read out earlier for the primary healthcare sector: 83 per cent for Aboriginal controlled health services, one per cent for other Indigenous organisations, other than the ACCHOs, and 16 per cent for non-Indigenous organisations.

Senator DODSON: Again, the history of this going back to 2014-15 would be useful. Perhaps you could take that on board.

Ms Edwards: We'll have a look at what we can do. Was it 2014-15 that you were after?

Senator DODSON: Yes.

Ms Edwards: As you alluded to, last year we said it was 84 per cent; this year we say 83 per cent. Last year it added up to 101 per cent; this year it adds up to 100. It's simply a rounding difference. So, for all intents and purposes, it's exactly the same so far this year as it was last year.

Mr Matthews: It can also come down to the data that sits behind it. When we're signing and executing agreements, it can, at any point in time, make those figures move around a little bit.

Senator DODSON: I suppose from my perspective I'm trying to see where the trend is going. Are we trying to meet the bulk of this funding going to Indigenous organisations and ACCHOs, or is there a trend you see of it going in other directions? That's clearly what the purpose is.

Ms Edwards: We'll have a look at the trend. For the primary care funding—that's about half of the total we've talked about before—the vast majority of that funding goes to fund Aboriginal controlled health services and, in some cases, some of those clinics elsewhere that provide Aboriginal owned services but are not technically Aboriginal controlled. Ramingining clinic is just moving from Northern Territory control to Aboriginal control, for example. That number is very stable, and we expect it to stay stable. The other number is other things we do under the Indigenous Australians' Health Program, other than primary care, so the other half of the funding. Again, a high proportion of that goes to Aboriginal
organisations, but some of it does go to non-Indigenous organisations, and you should bear in mind that that refers to things like the organisation that prepares the syphilis test and treat—

Mr Matthews: The point-of-care testing.

Ms Edwards: The strips. They're the pharmaceutical products that we use, so that goes into that 13 per cent. Also funding to SAHMRI, which you would know, has been heavily involved in some of that sexually transmitted and bloodborne viruses work. We can provide you with a breakdown of the sort of people we are talking about. We certainly have a commitment to ensuring that we continue to support the Aboriginal controlled sector in order to provide the best possible services. We think it's been reasonably stable over time, but we're happy to go back to 2014-15. Even if we can't provide you with a very detailed answer, we will give you a sense and you should be able to discern the trend, if any.

Senator DODSON: If you could break down the 33 or 34 per cent or whatever it is, that may be very useful in helping to deal with criticisms that often arise from the ACCHOs or from Indigenous groups.

Ms Edwards: Of the 35 per cent this year, we can tell you already that 13 per cent of that is PHNs. Obviously they're not called Indigenous organisations, although we're working closely with them to make them engage better and be more Indigenous conscious. Nine per cent is governments—state governments in particular. That leaves 13 per cent, which is other non-Indigenous organisations, and those are the ones for which we can provide you some examples. It's probably reams of grants, but it will certainly give you a sense of who they are.

Mr Matthews: There is a reasonable proportion of the money that initially flows to PHNs but that the PHNs then provide through to Aboriginal community controlled health services as well. So a reasonable proportion of that PHN component also feeds through to the community controlled sector.

Senator DODSON: I think we spoke previously about the new funding model for the ACCHOs. It was originally to be implemented by 1 July 2019, I think, but it was delayed by a year following strong concern from the sector, as I understand it. Are you still aiming to implement the new model on 1 July 2020?

Ms Edwards: I think I'd characterise it by saying it was delayed for a year to ensure we had further stakeholder discussions and to ensure more robust data. We are expecting to implement it from 1 July 2020. The discussions we've been having with the sector have been very productive and effective, and we're hoping that that arrangement can be resolved very quickly so that there will be plenty of time to roll it out on 1 July 2020.

Senator DODSON: Are the NACCHO concerns being accommodated, or are you having robust discussions with them about it?

Ms Edwards: Very positive discussions. No doubt they can give you their own impression of the discussions, but we think we're close to a place where people will be comfortable. I wouldn't want to speak on behalf of them or anyone else, but I would say we think we'll soon be in a position where we can be very clear about the way forward.

Mr Matthews: There was a new framework put in place to negotiate the new agreement through a sustainability advisory committee, which, of course, NACCHO is on. That's been working quite positively in that regard.
Senator DODSON: Is there any danger of NACCHO or ACCHO bodies losing funding out of this, or not?

Ms Edwards: You would recall, when we were previously talking about the model, the idea that there would be no drop in the funding for any organisation. We certainly haven't gone back from that. Exactly where we end up with it is still under discussion, but we don't expect there to be any drop in funding for this reason. Obviously there might be some other reason why an organisation gets into trouble—some issue or change of provider and so on. But, putting aside that very unusual circumstance, under the new funding model we don't expect to have any reduction of funding for a service.

Mr Matthews: And there were no reductions. While that discussion or negotiation has been going on, there haven't been any reductions of funding to any services either; funding has been maintained into the sector.

Senator DODSON: You may not be able to answer this, but is that a clear departmental view—that is, the funding won't be affected?

Ms Edwards: Not that it won't be affected, but that it won't drop I think is a government commitment.

Senator DODSON: It won't drop. I suppose the harder question is: what is the government's intention in relation to this?

Ms Edwards: I think we're very close to having a formal resolution of the issue. I'd prefer to leave it to the Aboriginal controlled sector and the government to announce what it is they've finally arrived at, but I think that certainly by the time we next meet in February you will have seen and understood. I expect it to be well resolved, and amicably so.

Senator DODSON: I will move to the multijurisdictional syphilis outbreak, which is across Queensland, Northern Territory and Western Australia. I think it has also found its way into South Australia, hasn't it?

Ms Edwards: I'll ask Dr De Toca to come to the table to talk about epidemiology, but while he's coming to the table I'll just do a recap. This is obviously very concerning, that there is an outbreak, and the Commonwealth government is acting to make very major investments and to work very closely with state and territory governments. It's also making investments through the Aboriginal controlled sector to identify and act upon this outbreak. Dr De Toca or Mr Matthews can talk to you about it, but generally speaking we think we're having an impact. We're looking at a trajectory of reduction and coming across it. Happily, there has been a major reduction in those congenital syphilis cases, which were of particular distress to all of us. I will pass to my colleagues.

Mr Matthews: Obviously, there has been the implementation around this—about $21.2 million has been put into it—and, broadly, the arrangements are in place and the coverage is expanding. There have been more than 20,000 people tested so far, so the test and treat process is progressing reasonably well across the board. I'm sure Dr De Toca can talk a little bit further about it, but early indications are that things are stabilising around the spread of it. As a backdrop, the more people we test, the more people we treat, so the likelihood is we will come across more cases as we go through that testing regime.

Dr De Toca: I've discussed the issue of the syphilis outbreak with you before, Senator.
Senator DODSON: Yes, I know. I recognise your face, but I couldn't put your name to it.

Dr De Toca: As you indicated, the outbreak is currently in four jurisdictions: Northern Territory, Queensland, Western Australia and South Australia. South Australia has been part of the outbreak since November 2016. As my colleagues have indicated, we consider that although the outbreak is still producing cases, we are identifying quite a number of cases ongoing, partly as a result of markedly increased testing across the outbreak areas. There are early indications of a potential stabilisation or a likely stabilisation of the outbreak in terms of numbers of new cases that are coming up. I know this might sound frustrating because it has been a while since the response started, but it is expected, particularly as epidemiologically we are still in the early stages of the response effort, that as testing ramps up, new cases will be picked up. That's exactly what we want to see: the combined effort of the government, state and territory clinics, the Aboriginal community controlled health sector, primary health services and all the entities really ramping up the testing in outbreak areas, finding the cases and, of course, treating them.

Senator DODSON: The outbreak in Queensland is of particular concern. Has there been an increase in Queensland of new cases? What's happening?

Dr De Toca: As you pointed out—

Senator DODSON: I should have said Far North Queensland; Queensland is a big place.

Dr De Toca: Yes, agreed. As you pointed out the outbreak commenced in Queensland, in the north-west region, in 2011. Queensland still has the highest number of cases in total as part of the outbreak. It's also been the longest in the outbreak. There was a new region added to Queensland as part of the epidemiological counting of cases—that was Central Queensland in September.

In terms of monthly cases: we are seeing a stabilisation, if not a slight drop, in the number of cases that are coming out of the Queensland regions without a correlated drop in testing. So we don't have any indication that testing has dropped, while the number of new cases in Queensland has ever so slightly dropped. We might be seeing a stabilisation, but it's very early to claim that.

Senator DODSON: In February you said you were funding eight ACCHOs—and this may be a question for someone else, not for you. Are extra ACCHOs being added?

Dr De Toca: We currently fund 19 ACCHOs for augmented workforce supplementation on the dedicated sexual health effort across four jurisdictions. Those 19 ACCHOs have been selected in close partnership with NACCHO, with the seven state and territory affiliates and with the public health authorities. We're providing them with funds in very different forms, because it's been co-designed to tailor to each region to respond to the way in which they see fit.

In addition to that, currently we're rolling out the point-of-care testing program that Ms Edwards alluded to earlier to a further 11 ACCHOs in the outbreak regions. As we speak, ACCHOs are being added to that.

Senator DODSON: Maybe it would be even simpler if you could just give us the detail of where these places are.
Ms Edwards: This was an important issue, which you have rightly raised with us, and we have responded to it. I should just mention that we have actually proceeded to train 367 clinicians to work on this issue, and there have been over 20,000 people tested for syphilis since the surge began. So we're not out of the woods yet and we're taking it very seriously. We're not stopping our efforts, but we are seeing glimmers of hope, which is good news.

Senator DODSON: But that's better than the 6,000 you mentioned in February, which is good news.

Ms Edwards: We'll provide you with an update on notice.

Senator DODSON: Thank you very much.

Senator SIEWERT: I want to go to the issue of petrol sniffing.

Ms Edwards: That will be the National Indigenous Australians Agency—it's been a few years for me.

Senator SIEWERT: I beg your pardon.

Mr Griggs: We're still here.

National Indigenous Australians Agency

[14:52]

Senator SIEWERT: Have any more sites moved to low-aromatic fuel? Are there new sites which have now adopted non-sniffable fuel?

Ms Foote: There has been a recent conversion, so I can provide that detail.

Senator SIEWERT: And are there any that are still selling standard fuel in roadhouses in that area in the southern part of the NT, or just over the border in SA? In other words, they haven't rolled out or adopted low-aromatic fuels.

Ms Foote: There have been two recent conversions in South Australia: Cadney Homestead Roadhouse and Marla Roadhouse. The most recent conversion was this month, in Central Australia, at Laramba. We will very shortly convert another in Camooweal in Queensland, and we're working in the Goldfields region at a number of sites that we expect will convert shortly.

In terms of your second question about the prescribed areas, where it must be converted: I'm not aware that it's the South Australian part. I know that it's Katherine, Daly River, Tennant Creek and Palm Island. Those are the four prescribed areas. It remains our position that a voluntary conversion is the best way, and we work with services to do that voluntarily. The four areas where it has to be don't include northern South Australia.

Senator SIEWERT: You're not working in that area to encourage or use the legislation that you have available to ensure that they are converting over?

Ms Foote: A choice to use the legislation would be for the minister, but we will work across the board with people on voluntary conversion. There were those two in South Australia, but I'm not aware of any others ongoing.

Senator SIEWERT: Okay.

Mr Griggs: I know that there is a very large section now of the Stuart Highway, from northern South Australia through, where low-aromatic fuel is the standard. We'll get you some of the detail around that on notice.
Senator SIEWERT: That would be great—maybe the latest map?

Mr Griggs: Yes.

Senator SIEWERT: That would be quite useful. That would be appreciated. Have there been any reports of outbreaks?

Mr Griggs: Not from a fuel perspective.

Mr Exell: As you probably know, Senator, in south Queensland there has been some substance abuse reported. That's been responded to through state measures—

Mr Griggs: But not in terms of low-aromatic fuel—

Senator SIEWERT: Not in terms of fuel. We're talking about other substances—

Mr Exell: No, other volatile substances.

Mr Griggs: Yes.

Senator SIEWERT: Yes, okay—

Mr Exell: As you were referring to earlier today, I think.

Senator SIEWERT: Yes, that's what I was asking of Outback Stores. What strategies are you using? Have you developed further strategies, or are you dealing with it on a case-by-case basis?

Mr Exell: Do you mean other volatile substances?

Senator SIEWERT: Yes, generally for other volatile substances.

Mr Exell: Yes. Generally, this is a state led response, but we've actually been working with the relevant authorities that are working with retail outlets. There is a Queensland strategy for how to address this. We are actually part of those conversations. Some of our regional teams are with those teams and are part of the conversations they're having in communities, and at the state level also.

Senator SIEWERT: The review of the low-aromatic fuel legislation has occurred. What happens next? Has that been released publicly?

Ms Foote: It's on our website.

Senator SIEWERT: I missed it. Okay, I'll go find it. And what happens now?

Ms Foote: The lead recommendation of the review was to continue the rollout of low-aromatic fuels, so the department is continuing to do that as part of our programs.

Senator SIEWERT: But not so much using the act to do that?

Mr Exell: We're always cautious. Previous experiences around the act have been that using legislation in that sort of hard-fist stronger approach has not been the best way to get the results. We've had that behind us—

Senator SIEWERT: So you leave it to the last resort?

Mr Exell: That's right. That's been the most successful approach that we've found from the experience in rolling out low-aromatic fuels.

Senator SIEWERT: Thank you. Once I get the map I might come back with some questions on notice.

Mr Exell: Sure.
CHAIR: I think there are no further questions. I thank the Department of Health and the National Indigenous Australians Agency for their attendance and evidence here today. That concludes the committee's cross-portfolio hearing on Indigenous matters. The committee will hold another hearing at a later date to examine the North Queensland Livestock Industry Recovery Agency and the Office of the Official Secretary to the Governor-General.

I'd like to thank the minister and officers who have given evidence to the committee today. I'd also like to thank Hansard, Broadcasting and the secretariat for their assistance. I now declare this meeting of the Senate Finance and Public Administration Legislation Committee adjourned.

Committee adjourned at 14:58