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SENATE
FINANCE AND PUBLIC ADMINISTRATION LEGISLATION COMMITTEE

Friday, 22 February 2019

Members in attendance: Senators Dodson, Duniam, McAllister, Paterson, Siewert.
CROSS-PORTFOLIO INDIGENOUS MATTERS

In attendance

Senator Scullion, Minister for Indigenous Affairs

Indigenous Portfolio Bodies

Indigenous Land and Sea Corporation
- Mr John Maher, Chief Executive Officer
- Ms Tricia Stroud, Deputy Chief Executive Officer
- Mr Trevor Edmund, General Counsel

Indigenous Business Australia
- Mr Rajiv Viswanathan, Chief Executive Officer
- Mr Wally Tallis, Deputy Chief Executive Officer
- Mr Tom Hure, Chief Financial Officer
- Ms Kia Dowell, Executive Director, Strategy and Innovation.

Office of the Registrar of Indigenous Corporations
- Mr Selwyn Button, Registrar of Indigenous Corporations

Department of the Prime Minister and Cabinet

Overview
- Mr Ray Griggs AO, CSC, Associate Secretary, Indigenous Affairs
- Professor Ian Anderson, Deputy Secretary, Indigenous Affairs

Community and Economic Development
- Ms Deborah Lewis, First Assistant Secretary, Community and Economic Development Division
- Mr Paul Denny, Assistant Secretary, CDP Operations Branch
- Ms Chloe Bird, Assistant Secretary, CDP Strategy Branch
- Ms Clare Sharp, Assistant Secretary, Business and Economic Policy Branch
- Ms Carmen Saunders, Assistant Secretary, CDP Reforms Branch

Education, Community Safety and Health
- Mr Blair Exell, First Assistant Secretary, Education, Community Safety and Health Division
- Ms Tarja Saastamoinen, Assistant Secretary, Community Safety Branch
- Mr Peter Arnaudo, Assistant Secretary, Health and Wellbeing Branch
- Mr Patrick Burford, Assistant Secretary, Education and Youth Policy Branch

Housing, Land and Culture
- Mr Ryan Bulman, First Assistant Secretary, Housing, Land and Culture Division
- Ms Jane Christie, Assistant Secretary, Housing Branch
- Ms Wendy Ah Chin, Assistant Secretary, Culture Branch
- Mr Wayne Beswick, Assistant Secretary, Land Branch
Legal, Employment, Environment and Evaluation
Mr Troy Sloan, First Assistant Secretary, Legal, Employment, Environment and Evaluation Division
Mr Shane Johnson, Assistant Secretary, Policy Analysis and Evaluation Branch
Mr Brendan Jacomb, Assistant Secretary, Legal Services Branch
Mr Kym Lockley, Acting Assistant Secretary, Legal Services Branch
Ms Sarah Clough, Assistant Secretary, Employment Branch
Ms Toni Williams, Assistant Secretary, Environment Branch
Ms Elizabeth Eaton, Manager, Legal Services Branch

PM&C Regional Network
Ms Anne-Marie Roberts, First Assistant Secretary, Regional Network Division
Ms Letitia Hope, First Assistant Secretary, Regional Network Division
Mr Kevin Brahim, First Assistant Secretary, Regional Network Division
Mr Harry Abrahams, Acting Assistant Secretary, Delivery Support Branch

Programme Office
Ms Jennifer Collard, First Assistant Secretary, Programme Office Division
Mr Andrew Huey, Acting Assistant Secretary, Grant Design Branch
Ms Ann-Maree Stokes, Acting Assistant Secretary, Grant Performance, Assurance and Compliance Branch
Dr John Walker, Assistant Secretary, Select, Support and Report Branch

Recognition, Policy and Empowered Communities and Closing the Gap
Mr Jamie Fox, First Assistant Secretary, Recognition, Policy and Empowered Communities Division, and Closing the Gap

Closing the Gap
Ms Jo Da Rocha, Assistant Secretary, Recognition and Reform Branch
Ms Danielle Donegan, Assistant Secretary, Closing the Gap Refresh Taskforce
Mr Robert Ryan, Assistant Secretary, Empowered Communities Branch
Ms Rachel O'Connor, Assistant Secretary, Strategic Policy Branch
Mr Sam Jeffries, Special Advisor, Regional Governance

Governance
Ms Charlotte Tressler, First Assistant Secretary, Corporate Division

Department of Health
Ms Caroline Edwards, Deputy Secretary, Health System Policy and Primary Care Group
Professor Brendan Murphy, Chief Medical Officer
Mr Mark Roddam, First Assistant Secretary, Indigenous Health Division
Ms Penny Jones, Acting Assistant Secretary, Primary Health, Data and Evidence Branch, Indigenous Health Division
CHAIR (Senator Paterson): I declare open this meeting of the Senate Finance and Public Administration Legislation Committee. Today the committee will continue examination of the additional budget estimates for 2018-19 with the cross-portfolio hearing on Indigenous matters. The committee may also examine the annual reports of the departments and agencies appearing before it. The committee has fixed 29 March 2019 as the date for the return of answers to questions taken on notice. The committee will begin with the examination of portfolio agencies as listed on the program and then proceed to outcome 2 of the Department of the Prime Minister and Cabinet. We will move through the departmental programs as listed. At the conclusion of outcome 2 the committee will examine Indigenous health issues, where the Department of Health will join officers from PM&C.

Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. I remind all witnesses that, in giving evidence to the 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 for 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 purposes of estimates hearings. I remind officers that the Senate has resolved that 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. The Senate has resolved also that an officer of a 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 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 by 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. Officers are requested to keep opening statements brief or seek to incorporate longer statements into the Hansard. Before I call the Indigenous Land and Sea Corporation, Minister, do you wish to make an opening statement?

Senator Scullion: I would like to make a brief opening statement. I acknowledge the traditional owners of the land on which we meet, the Ngunawal and Ngambri peoples, and pay my respect to their elders both past and present. I acknowledge the significant reforms that we've worked on in partnership with the various agencies that are appearing today. Today we have the Indigenous Land and Sea Corporation appearing with its new name and purpose for the first time. Since last estimates, legislation has passed the parliament, with the support and input of the opposition to allow the Indigenous Land and Sea Corporation to acquire and manage freshwater and saltwater sea country to enable the transfer of the land account to the Future Fund, to deliver significant benefits to the sustainability of the organisation. I'm also pleased that Mr Selwyn Button, the first Indigenous Registrar of Indigenous Corporations, is appearing before you today, at a time when we have before parliament some of the most significant reforms to the Corporations (Aboriginal and Torres Strait Islander) Act.

I advise Senator Dodson that we'll be making a statement at the commencement of proceedings with the Department of Health to respond to a number of questions that the department took on notice during the consideration of the Community Affairs Legislation Committee estimates relating to the reports of the Western Australian coroner into the tragic suicides of Indigenous children in the Kimberley region.

Finally, I want to make a short acknowledgement of the retirement of Jenny Macklin from parliament this week. I don't get the opportunity, as a senator, to contribute to her valedictory, but I'd like to acknowledge that she was a very practical and committed minister who continued many of the important reforms in the Northern Territory emergency response and introduced and put a focus on the Alice Springs town camps that was long overdue and much appreciated by the residents. I acknowledge the great work that she did for Aboriginal and Torres Strait Islander people across Australia.
Chair, thank you for the opportunity to be here to answer the committee's questions. I thank the staff of the various agencies and departments that have worked in preparation for today.

CHAIR: Thank you, Minister. I take the opportunity to acknowledge that since we last met you have announced your own retirement. We may yet have you before another round of estimates, so we won't formally see you off just yet. But I should acknowledge your lengthy service to the parliament and this portfolio. Mr Griggs, do you wish to make an opening statement?

Mr Griggs: No thanks, Chair.

Indigenous Land and Sea Corporation

CHAIR: I welcome the Indigenous Land and Sea Corporation, in particular Mr John Maher, the chief executive officer. Mr Maher, would you like to make an opening statement?

Mr Maher: I would, thank you. First I would like to acknowledge the traditional owners on whose land we are meeting and pay tribute to their elders past, present and emerging. I would like to introduce, also representing the Indigenous Land and Sea Corporation today, Tricia Stroud, ILSC deputy CEO; and Trevor Edmund, ILSC group general counsel.

Since our last attendance at estimates, as the minister mentioned earlier, we have witnessed the passing of three bills which have given effect to the Indigenous Land and Sea Corporation, and the Aboriginal and Torres Strait Islander Land and Sea Future Fund. The ILSC has welcomed the legislative changes, which now secure a perpetual nature for the formerly named Land Account, protecting the ability to acquire and manage both land and sea country for future generations of Indigenous people. We also welcome the expansion of our remit into salt and fresh water, not only because it rightly reflects the common-law recognition of rights to water but also because it opens up further economic, environmental, social and cultural opportunities for Indigenous people. We'd like to take the opportunity to thank both sides of parliament and both houses for enabling this to happen. Thank you, and thank you to your colleagues also.

Having become the Indigenous Land and Sea Corporation on 1 February, we have been updating our programs and systems in order to deliver our expanded core mandate of acquisition and management in salt and fresh water. Over the past two years we have worked hard to improve operational results in our subsidiary entities to reduce the subsidies they require and thereby free up additional funds to use towards our legislative purpose of buying and granting land and now water related rights, as well as partnering with Indigenous people in managing and improving their lands and waters. Our healthier financial situation will allow us to provide a surge investment into freshwater and saltwater country, kickstarting our foray into this area. We've commenced the development of our inaugural national Indigenous land and sea strategy and regional Indigenous land and sea strategies for our bioregions of northern Australia, Australian desert, south-west Australia and south-east Australia. Noting our six-month time line to finalise these, we'll also be embarking on stakeholder consultations in May. We'll use this opportunity to also officially launch the new Indigenous Land and Sea Corporation.

We remain committed to our strategic reform agenda—namely, first, increasing the effectiveness of our spend to achieve a greater return on our mandate. This is done by...
objectively assessing how we spend our funds to ensure the projects we do undertake generate optimal benefits and ensure ongoing prosperity for Indigenous people. Second, we're increasing the quantum of our dollar-value investment against our mandate. We're doing this by reshaping our overheads and improving our subsidiary operations so that they are not as dependent on the ILSC parent for subsidies relating to operational losses and capital improvements. This has meant that we are able to allocate more of that money to flow directly to the Indigenous estate and, as such, increase the size and value of land and sea country area, which is and will be productively managed, improved and returned to the Indigenous estate for the benefit of Indigenous people. Third, we are applying a much greater focus on our customer service and stakeholder relationships. Last but not least, behind the scenes we are looking at continuous business improvement and alignment, purposefully building our systems' and our people's capability so we can be a more high-performing, efficient and accountable organisation.

To this end, this financial year we have increased our performance in acquisition, having approved a purchase of four properties, covering over 84,000 hectares and valued at almost $8 million. We have a further five in the pipeline which will come through before the end of this financial year. We've divested six properties, valued at $23.8 million and covering over 400,000 hectares. We have a further five divestments in train which, if finalised, will see $44 million in land granted to Indigenous groups this financial year. We have some $26 million worth of projects in development, with the capacity to invest further if the right opportunities arise over the next six months.

We have commenced the process of executing a new business model for our agribusiness operations. This has entailed transferring some of our cattle operations to provider operators and allowing us to fulfil our new commitment to be an actual partner to Indigenous landholders, helping to build capability and not being a sole operator and, in some cases, in competition with those Indigenous landholders. We are also looking to diversify our agribusiness activities into new geographies and sectors. At Ayers Rock Resort, hotel occupancy rates remain high, forecast at 83 per cent in FY 2019. We are anticipating a small net profit for the year of between $5 million and $10 million.

In the first six months of this year the National Centre of Indigenous Excellence revenue has grown by 8½ per cent, while almost 3,000 Indigenous people have participated in that entity's fitness, swim, accommodation, conference and job ready programs.

A Comcare work health and safety management system audit on the ILSC in December 2018 assessed the organisation to have an 87 per cent conformance rate. This is an excellent outcome and a huge improvement on only a couple of years ago. It is attributed to the commitment and emphasis placed on prioritising safety across the organisation.

In October we tabled our 2017-18 annual report, which carried strong evidence that the efforts we are undertaking to return to our core mandate are paying off. As I mentioned earlier, we're tracking to well and truly exceed our land acquisition, land management and divestment targets this financial year. In 2017-18 we exceeded performance indicators in employment, training and business development, and we are building on this momentum.

I'm also very pleased to advise senators that in December the ILSC staff voted in favour of the enterprise agreement. We welcomed a 'yes' vote of 72 per cent. That has now been lodged with the Fair Work Commission.
Finally, I'd like to reiterate that the ILSC now sits in a healthy financial situation, giving us capacity to execute our new growth agenda, underpinned by our legislative purpose. 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 capability. This includes the $26 million of pipeline projects I mentioned earlier. There's no doubt that over the last few years the ILSC has faced a number of key challenges: an eroding land account balance, stagnant achievement of the key performance indicators, and a history of spending more money on its own operations than on its core mandate of land acquisition and land management. As you can see, the team and the organisation have worked very hard to address these issues. We look forward to continuing to grow now as the Indigenous Land and Sea Corporation.

Thank you for the opportunity to address this committee. We welcome any questions you may like to ask.

**Senator DODSON:** Thank you, Mr Maher, for that rather heartening report on where the Indigenous Land and Sea Corporation is going and the effects of the amendments that were passed by the parliament. We will no doubt be interested in future returns on your investments, how that is tracking and how you are relating to the people who are managing those funds for you. In which jurisdictions were the purchases made, and where are they pending?

**Ms Stroud:** The four properties that have been acquired this financial year—I'll take it on notice, but off the top of my head, I can tell you they are in Brisbane, in Victoria, in New South Wales, and the fourth one escapes me. I'll take it on notice, but that's the spread of the properties.

**Senator DODSON:** How many properties are still in your care?

**Mr Maher:** Forty-six. This time last year there were 57.

**Senator DODSON:** What's the process for divesting those or for returning those to the beneficiaries?

**Mr Maher:** Each of those 46 properties has a very clear divestment plan. As I mentioned in my opening statement, we are ramping up our activity with respect to acquisition and divestment. This year we are looking to divest 11 properties. Six of those have already been divested, but there are another five. We will continue to accelerate the divestment program, now that each property has a plan and an action list to go forward.

**Senator DODSON:** This may go to your opening statement about the new strategic approach that you've adopted. Is the question of land purchase for cultural and social reasons, as opposed to the commercial bottom-line desires, a factor that is still part of your operations?

**Mr Maher:** Very much so. We look at economic, social, cultural and environmental reasons to purchase any land. The weighting of that makes no difference to us. At the end of the day, if it makes sense in relation to any of those four or a number of those four factors and we can see the Indigenous benefits that will be accrued, we'll go ahead.

**Senator DODSON:** Of the total applications that you've received, how many have been refused?

**Ms Stroud:** For land acquisitions?
Senator DODSON: Yes.

Ms Stroud: We've had no land acquisition applications refused. But, to qualify that, our process for acquiring land is not an applications administrative type process. It starts with an inquiry where the ILSC will give the applicant an initial eligibility response as to whether they're eligible for ILSC land acquisition assistance. Then there is an inquiry and co-development of the idea and working up an application with the group.

Senator DODSON: And that applies to the social and cultural component as much as to the economic feasibilities?

Ms Stroud: Yes. Senator, I've just confirmed the four properties. One in Brisbane, two in New South Wales and one in Victoria have been purchased so far this financial year.

Senator SIEWERT: With the Ayers Rock Resort, you're projecting a profit of between $5 million and $10 million this year?

Mr Maher: Yes.

Senator SIEWERT: Are you able to give us a quick outline of what you're projecting for future years?

Mr Maher: We're continuing to project a profitable situation. We think occupancy next year will be around 83 per cent. It's at 87 per cent this year. It will drop off slightly. However, that stable demand and occupancy has allowed us to address our margin and increase the average room rate across the board. On top of that, we're continuing a sensible cost-out program to ensure that the business actually runs with a view to making a profit each year.

Senator SIEWERT: Of around that same amount?

Mr Maher: We would hope it might expand. The issue is our profitability. We have about 47 per cent international guests and 53 per cent domestic. Obviously our demand at Ayers Rock Resort is dependent not only on the domestic economy but on global issues as well. But by getting the cost structure correct we would be looking at making a profit as we go forward.

Senator SIEWERT: There was a media report about the number of flights into the NT being reduced. Is that going to affect business? Have you factored that in? I don't believe everything I read in the media—

Senator DUNIAM: What?

Senator SIEWERT: yes, I know!—so I don't know the accuracy of those claims. But is it an issue that you've looked into? If you have, do you think it's going to have an impact?

Mr Maher: We're alive to the issue, but at the same time there are increased numbers of flights in from Adelaide and Brisbane direct, so we think there's probably more access for—

Senator SIEWERT: So just some flights from some destinations have been reduced?

Senator Scullion: Most of those flights were to Darwin. As you'd be aware over the years I and others have lobbied the airlines to ensure that we continue to fly to Ayers Rock. I know that there are some discussions going on with Virgin at the moment. We're very grateful for the increased number of flights.

Senator SIEWERT: Can you give us an update on the numbers of Aboriginal staff?

Mr Maher: At Voyages only, or in total?

Senator SIEWERT: Both.
Mr Maher: At Voyages there are 377 Indigenous staff. That's 36 per cent of the total. In the ILSC group we have 564 Indigenous staff, at 40 per cent of the workforce.

CHAIR: With the Ayers Rock Resort, you mentioned that you're projecting a profit this year. How unusual is that in the recent history of the Ayers Rock Resort?

Mr Maher: It is unusual. We made a very small profit at the end of June last year. This will be an increase on that. Prior to that, that entity had not made a profit while it was under the ILSC banner.

CHAIR: How long had it been under the ILSC banner?

Mr Maher: It was bought in 2011, I recollect.

CHAIR: So there have been losses more often than profits?

Mr Maher: It was a loss-making venture.

CHAIR: That turnaround is very good news. It's very impressive. I want to come back to the bills that you mentioned in your opening statement and the changes that they have brought for your organisation. There were three bills which relate to your organisation. I won't bother reading them out. You know what they are; we all know what they are. As the minister acknowledged in his opening statement, they had the input of all parties and passed by agreement, which was a good thing. One of the things that stood out in that process was the past performance of your organisation. You mentioned that in your opening statement as well. In the last year that I'm advised about, 2016-17, the $2 billion of funds now under ILSC's management was returning just 2.9 per cent. Is that accurate?

Mr Maher: I'd have to take the exact figure on notice, but it does ring a bell. It was not under ILSC's management; it was the Land Account—

CHAIR: Good point.

Mr Maher: and it was managed through PM&C. So it wasn't under our management per se. Your interest rate would be about right.

CHAIR: A 2.9 per cent return compares to just putting money in the bank at 2.6 per cent.

Mr Maher: It's the CPI or just a bit over.

CHAIR: Exactly. That's a worryingly low return. Will the changes that have been made put you in a position to deliver much stronger commercial returns than that?

Mr Maher: Yes, definitely. Going into being managed now by the Future Fund as the Land and Sea Future Fund will, we predict, provide returns of six to eight per cent.

CHAIR: Wow. That's a spectacular turnaround.

Mr Maher: That's the kind of run rate that the Future Fund's got.

CHAIR: I know you've got a commercial background. What's the cost of leaving funds of that magnitude in such low-performing management?

Mr Maher: We estimated that it would have cost us—I will take this on notice—around $600 million over a period of 10 years.

CHAIR: That's $600 million that could otherwise be reinvested into Indigenous communities.

Mr Maher: Into the Indigenous estate, yes.
CHAIR: Extraordinary. I understand that you conducted some nationwide consultations on this issue. Is that right?

Mr Maher: That's correct. We met 75 Indigenous organisations.

CHAIR: Was that low rate of return a feature of the feedback from the organisations? Was there an awareness of that?

Mr Maher: I don't think there was a high awareness of that return. But obviously, once it was explained, the logic of what we were trying to do was quite compelling.

CHAIR: Can you talk a bit about the expansion of your remit into sea country as well as land. What's the importance of that?

Mr Maher: As I said in my opening statement and I think the minister has mentioned quite a few times, sea country is Indigenous land as well. It's a natural extension of Indigenous land, or it's part of Indigenous land. The fact that the legislation in 1995 did not pick that up was obviously a glitch. To be able to rectify that now is extremely important.

CHAIR: If it's evident and clear to Indigenous people that they don't draw a distinction between sea country and land, why was that not a feature of the legislation previously?

Mr Maher: I wasn't around in 1995, so I can't—

CHAIR: Fair enough. I obviously wasn't either.

Senator Scullion: There was nervousness, historically, about the term 'land'. We purchase water rights. There are always lawyers and nervousness around those matters. I don't think it was any greater than that. I think there was always an acknowledgement, but within the ILC at the time there was quite a lot of pushback. The purchase of Ayers Rock Resort was much knocked by the previous administration. Today, looking at the 377 jobs and the way that makes such a huge contribution, those people who were involved in the purchase of that resort should feel that all the criticism that came was quite inappropriate. There was also a pushback that someone—me—was going to go and steal the Land Fund. I acknowledge and thank Senator Siewert for her efforts to make sure that that was properly scrutinised. After all of those matters were properly scrutinised, there was support from the Greens around the reform to the act. Sea country is as important, and opportunities exist in a cultural sense as well as in an economic sense. I think those changes have been some of the most significant changes we've seen. I think that the investment of the Land Fund—you've got to hold your head and cry about those lost opportunities, simply in terms of money, like the $600 million that we're now going to make as a consequence of that reinvestment. I thank everybody across this committee who's been involved in supporting those changes.

CHAIR: Mr Maher, what are the investment opportunities you're looking at now that the remit of the organisation has been expanded? What are the kinds of things that you could be investing in?

Mr Maher: We're exploring that through the new strategy consultations that will take place in May. It will be good to hear from our stakeholders what they believe are the opportunities. Top of mind, we believe, are things like water rights, fishing rights and certain aquaculture operations, potentially. They are things that we will now be able to invest in to help develop the Indigenous estate and Indigenous organisations.
CHAIR: Thank you very much for attending this morning. It's great to hear about the positive direction the organisation headed in.

Indigenous Business Australia

[09:31]

CHAIR: I welcome Mr Rajiv Viswanathan, Chief Executive Officer of Indigenous Business Australia, and officers from the agency. Mr Viswanathan, do you wish to make an opening statement?

Mr Viswanathan: I do, thank you. I'd also like to begin by acknowledging the Ngunawal people as the traditional owners of the lands on which we meet and respectfully acknowledge their elders past, present and emerging. Over the past two years we've shared with this committee IBA's record of delivering strong results across its program areas. The 2017-18 financial year was IBA's biggest year on record, resulting in over $400 million of capital deployed, which is more than 12 times the capital that IBA received from the Commonwealth for lending. This included supporting 913 families into homeownership, 342 small businesses with over $50 million in business finance, and almost $50 million of in-kind investment into IBA's investments, all within that financial year. All of these are records in the history of our organisation and represent significant increases relative to past performance.

The level of both home and business finance substantially exceeded what IBA was able to achieve annually only a few years ago, reflecting innovation, enhanced customer engagement and relationship management, and better use of technology. Through the hard work and commitment of our staff we now have more than 8,000 customers across all our areas of work, with over 70 per cent in regional and remote areas across our programs. Customer satisfaction is high and has been trending up, with 84 per cent and 77 per cent of home and business loan customers respectively indicating satisfaction levels of greater than eight out of 10 for the service they received.

As I've outlined in previous hearings of this committee, in the past two years we've launched a number of new solutions for our customers. This is based on direct engagement with and structured surveys of our customers. This includes online home loan applications, much more support for women in business, accelerator programs for entrepreneurs, start-up business packages, new finance products for growing Indigenous businesses, and new co-investment opportunities. Building on this momentum and innovation, our strong results have continued into the current financial year, with IBA on track to achieve its performance indicators for 2018-19.

We also continue to have a focus on supporting more women and more young people to achieve their economic aspirations. Following the success of the Strong Women Strong Business conference in 2018, we've developed a digital platform for women in business which provides a forum for peer-to-peer mentoring and business education. The Strong Women Strong Business group now stands at over 1,100 members. In order to support Indigenous emerging leaders in business, we engaged nationally with young Aboriginal and Torres Strait Islander people aged between 18 and 30 to inform the concept of the futures forums. These forums, to be held around Australia in 2019, will bring together young Aboriginal and Torres Strait Islander people from around the country who have experience in either running a business or developing sustainable business models for grassroots community led projects.
We're excited about the first futures forum, to be held on Worimi country in Newcastle in March, in partnership with subject matter and industry experts, to facilitate culturally informed and evidence based discussions on the future and shape of Indigenous business.

To finish, I'd like to focus on our results in supporting homeownership, which is a key pillar of economic independence. It generates not just an asset that can be handed down to future generations but also better health, education, self-esteem and other social outcomes. Aboriginal and Torres Strait Islander people still face significant barriers to homeownership, including in many cases a lack of intergenerational wealth and limited credit history. Only 38 per cent of Aboriginal and Torres Strait Islander people own their own homes, compared to 66 per cent for the wider population. As you know, IBA manages the Indigenous Home Ownership Program, which we believe is the only national program specifically aimed at addressing this. Our customers are overwhelmingly first home buyers who can't access bank finance. Almost 80 per cent of our customers are outside major cities. We don't simply provide a loan; rather, we support our customers to get ready for and into and to stay in homeownership. Our new workshops on preparing for homeownership are particularly useful for those getting ready to buy a home, with modules on budgeting, saving and planning.

Through our solutions, our customers build a credit history over time and build equity in a home. Over time, they can choose to refinance into the mainstream lending system. In this way our program provides a stepping stone into the mainstream economy. IBA then recycles the funds repaid into new home lending to new customers, who then start their journey into homeownership. This has been a longstanding and very successful model, which since 1975 has supported more than 18,000 Aboriginal and Torres Strait Islander families into homeownership, equating to more than $2.3 billion in assets in Indigenous hands. A recent study by Deloitte Access Economics tells us that this has also generated $895 million in social and economic benefits for home loan recipients, $483 million in economic activity from housing construction, and more than 1,200 additional full-time equivalent jobs. This shows the value of providing a not only prudently managed but also culturally appropriate, ethical and for-purpose service.

We don't use brokers. We don't pay commissions. And we're driven not by profits but by our purpose, which is to support customers to get into and stay in homeownership. With the positive changes we've made to the program, and given that we serve the fastest growing and youngest demographic in Australia, demand for our home loan solutions is high and is growing. We strongly believe that this is a program that's worth growing and investing in so that we can continue to make significant strides in supporting Aboriginal and Torres Strait Islander people to achieve their dream of owning their own home.

I look forward to your questions.

Senator DODSON: Do you have a map or a graph that demonstrates what the statistics point to across the various jurisdictions?

Mr Viswanathan: Yes, I have a heat map which I'm happy to provide on notice. It shows the spread and reach of our work across the country.

Senator DODSON: That would be very helpful from the point of view of whether equity is being achieved in these places. My other questions may not be within your bailiwick; I'm not sure. They go to section 19A of the Northern Territory Land Rights Act. The minister may...
have knowledge of this at his fingertips, as he normally does. How many homes have passed into traditional ownership since the introduction of the section 19A amendment to the land rights act in the Northern Territory?

Mr Viswanathan: How many home loans have we done?

Senator DODSON: Yes.

Mr Viswanathan: I don't have that figure to hand. I'd have to take that on notice.

Senator Scullion: I think they're relatively static. I think in the Tiwi Islands it was about 17. But I can take that on notice quite shortly. Another group will have those answers. But I can get that.

Senator DODSON: Okay. How many, if any, under the same section of the land rights act, have passed to non-Indigenous persons?

Senator Scullion: Given under section 19 to non-Indigenous entities?

Senator DODSON: Yes, police stations, hospitals or whatever they are.

Senator Scullion: It's a very large—

Senator DODSON: If you could get that information, Minister, it would be—

Senator Scullion: Certainly.

CHAIR: I'm particularly interested to know about the business support program. We've talked about it a bit previously. I understand that the recent results of the government's Indigenous procurement policy have been released and they show that about 1,400 Indigenous businesses delivering about 1,900 contracts have received $1.8 billion in contracts since July 2015. How many IBA clients are you aware of that are delivering Indigenous procurement policy contracts?

Mr Viswanathan: I don't have the specific number, but certainly we do see that among our customers. I think that reflects the huge demand we're having for our services. We did launch a specific product called a procurement loan. That was very much to come in off the back of that policy, for businesses that have won government contracts. So that policy certainly, as everyone's aware, has fuelled a leap in business activity. In our case our overall business finance to small businesses has topped $50 million per year, which is about double or so what we were achieving a few years ago.

CHAIR: That's really significant. Maybe take it on notice, but I'd be interested in, if it's possible to work out, what percentage of your clients are involved in delivering these contracts.

Mr Viswanathan: We can do that.

CHAIR: You mentioned, I think, a particular financial product that is tailored for these kinds of clients. Tell me a bit more about that.

Mr Viswanathan: That's one of many we now offer. Previously, it's fair to say, IBA at one point had a one-size-fits-all model. You could get a business plan; you could get a business loan. What we've tried to do is listen to our customers and develop a suite of finance products for businesses at different stages. So we've got a start-up package for businesses that are just starting up. The product I mentioned is a procurement loan, which is for a business that's won a contract, whether through the IPP or otherwise, that we can then finance. We've
got a lot more equipment-leasing activity going on across the country. I think last estimates we discussed the performance bond product and the cash-flow finance product, which are also new things we've developed. It's been really heartening to see that businesses are actually interested in using the variety of products that we now offer. That's coming through in the survey results that we're seeing when we test how our customers are feeling about what we're offering.

**CHAIR:** If my recollection is correct, one of the sectors where there's been particularly strong take-up is construction. Is that right?

**Mr Viswanathan:** Correct. That's definitely something that we're seeing. There are a lot of great Indigenous construction businesses operating around the country. They create a lot of jobs and support a lot of training. In our case, the performance bond product has been quite heavily taken up. It is about freeing up working capital for those businesses that they'd otherwise have to tie up just to win a job. With the small amount of investment we've been able to make so far already, there are many multiples of that in contracts that have been won through—

**CHAIR:** That's obviously a capital-intensive industry. You've got to turn up at the job on day one with the relevant equipment and supplies. If you don't have finance to do that, it's a pretty hard industry to enter, I would imagine.

**Mr Viswanathan:** Yes, plus you have to tie up capital in these bonds that you don't get back till the job's finished. That's what we were trying to address.

**CHAIR:** What's been the take-up of the procurement product that you mentioned?

**Mr Viswanathan:** It's been reasonably strong. The regular business loans often support procurement activity as well.

**CHAIR:** My understanding is that the IPP policy has significantly lifted Commonwealth purchasing from Indigenous businesses. The figures that I've got are that, in 2012-13, there was $6.2 million purchased in that financial year and, as we've mentioned, it's now $1.8 billion. You've indicated in a general sense that you've seen the effects of that. There's been a big uptake in Indigenous entrepreneurship and business creation. Is that a fair summary?

**Mr Viswanathan:** Yes, definitely. If you just go by the demand for our services, we're experiencing huge demand across all our offices. We're having a lot of people coming through the new accelerator programs that we've launched, which bring in people just with an idea who want to take it to execution. And I think we see that more widely in the relationships we've built with Indigenous organisations that are also working in the business development space.

**CHAIR:** You would have seen that the government has announced a new target of three per cent of Commonwealth contracts under the IPP program. What kind of planning does IBA have to do to anticipate what the response might be to that? What are you anticipating that might be?

**Mr Viswanathan:** I think the products and services we've developed are now very suitable for that growth. The biggest challenge for us is demand. We have a finite capital base. We are at the moment oversubscribed for what we're offering, so we're definitely giving some thought to how we can partner with others. We'd like to bring more private sector capital to bear in this space. There's increasing interest. You hear a lot about impact
investment, which is people who want to put their capital to work to get a financial return but also generate a social benefit. We're in dialogue with some of those organisations to see whether we can work together to expand the pie.

CHAIR: What are the kinds of potential partners that you would look to establish partnerships with to access that extra capital? What kinds of organisations would you be after?

Mr Viswanathan: In impact investing you've seen super funds. Some of the industry super funds in particular talk about putting more of their capital to investing for domestic purposes and benefit. There are also organisations such as foundations that historically just did philanthropy and are now looking to different models. This is the trend that we're seeing emerge in Australia, but it's off the back of what's been happening globally.

CHAIR: Do you need any new products, or is your existing suite of products sufficient? Is it just a question of enough capital?

Mr Viswanathan: I think we're through the product development phase. We've worked really hard on that. Really what it's about now for us is being as efficient as we can be, as impactful as we can be and as productive. That's where the focus is.

Mr Tallis: I think the importance of that question, too, is that IBA will always maintain our engagement with our customers. We've committed to a new engagement framework in the agency which puts the customer at the centre of everything we do. Particularly in Indigenous affairs—and I know there have been relevant conversations on both sides of parliament in the last week—partnerships led by Aboriginal and Torres Strait Islander people are the way to go. IBA has certainly been doing that for the last 14 months. They will adopt and inform us with regard to what products will suit them.

CHAIR: Does IBA have any visibility on the employment outcomes of your business loans? Is there any way you can measure that?

Mr Viswanathan: We do measure that. We collect that data. We collect it from our investments and our business loans. I think we're now approaching 45 per cent of the jobs that are supported by our business portfolio and investment portfolio being held by Aboriginal people. That's been trending up. I think that equates to over 930 jobs.

Senator DUNIAM: Is that a target that you've got against those particular—

Mr Viswanathan: Yes. In our PBS we set a target which, from memory, was of the order of 30-odd per cent. But we're well above that. We're looking to increase that target as well, to stretch ourselves.

Mr Tallis: We also make a commitment with regard to skill transfer. We have the old saying that we teach people how to fish; we don't want to buy the fish for them. It's all about making sure that when we're working with our business loan customer, when we're investing with our people in homeownerships, we're doing a skill transfer. My experience from my own Indigenous heritage is that what I learn I pass down to my family. I think there's a great need in the model we have in IBA around making sure that we have generational connectivity with regard to that skill transfer that's maybe not getting picked up in our education system. There are certain business skills and homeownership and financial literacy that we're concentrating on in IBA around making sure that that occurs.
Senator DUNIAM: What levers do you pull through your organisation to ensure that that occurs? What sorts of practices are in place to—

Mr Viswanathan: We start our journey with our customers well before we provide finance. That starts with those workshops that we run and the education programs that we deliver in business and financial literacy. We're also working on a digital financial literacy platform with an Aboriginal community organisation that hopefully we'll be launching in July. That will expand the reach. Once we're in an investment we definitely work with our co-investors, who are Indigenous organisations, and with the management of those businesses to try to set policies around Indigenous employment. That's a big commitment that we have. That translates into results on the ground. An example is Wilpena Pound resort, which is in the Flinders Ranges. We co-invest with the local Aboriginal organisation in that. In the time that we've invested in that, it's gone from zero to 60 per cent local Adnyamathanha employment. That's a resort that had been around for 50 years before that and never employed any Aboriginal people. So it's embedded in our investment practice to see that happen.

Senator DUNIAM: Mr Tallis, you mentioned that these sorts of ways of transferring skills may not be present in the education system. Do you think, though, that there is a potential for the education system to pick up on some of the practices you're talking about here?

Mr Tallis: I think under our partnership model we try to enhance and work with the tertiary sector. The education sector have something to benefit from and gain in regard to adding to our product but also our mentoring program—our Indigenous businesses ourselves. We have a lot of people who, like I said before, go out and start training with people. The Indigenous Affairs portfolio, from my personal belief, can't be addressed by IBA singly. We certainly play a role across the whole gamut in regard to what we are doing, but I believe that economic development is the way out for a lot of our people. The update—what my CEO, Rajiv, has talked about—in regard to the last 18 months is that we've certainly seen Aboriginal and Torres Strait Islander people wanting to take advantage of economic development, wanting to own a home and wanting to get into business. So the more we can actually invest into this area I think will go a long way towards closing the gap.

Senator DUNIAM: Are you doing any work in Tasmania at the moment?

Mr Viswanathan: We do. We actually have not only home loan work there but also business. So the wukalina walk is something that we supported. We worked with that organisation over a pretty considerable period of time. Mr Tallis has been there and he can talk more about that if you like.

Mr Tallis: I work with Mr Clyde Mansell in regard to the development and uptake. I've visited the site. We've put in some back-end support around the marketing and getting their systems and processes right. They won an award at the last Tasmanian—which I was invited to attend. So, for an agency which only has 200 staff, the challenge always is around where we need to be, which is why the partnership model is so important to us. We do really encourage our staff to what we call local connect, which is getting out there, understanding and knowing our communities because, like I said before, the customer is at the centre of everything we do. But the more we know partnerships and models and connecting with our PM&C colleagues and other state and territory partners is the only way we can start addressing the significant demand.
Senator DUNIAM: Thank you. Sorry, Chair, I interrupted.

CHAIR: No, that was a good line of questioning. I've concluded all of my questions. Thank you very much for joining us this morning.

Office of the Registrar of Indigenous Corporations

[9:52]

CHAIR: I now welcome the Registrar of Indigenous Corporations, Mr Selwyn Button. Mr Button, I believe this is your first appearance at estimates in this capacity. Welcome.

Mr Button: Thank you very much, Senator.

CHAIR: Would you like to make an opening statement?

Mr Button: I will make a short opening statement. With the permission of the senators and the chair I would also like to provide a bit of a snapshot in terms of where we're at as an organisation—ORIC, the Office of the Registrar of Indigenous Corporations. We've produced some monthly snapshots, so I'd like to hand that out to the committee if that's okay.

CHAIR: That's perfectly acceptable—thank you.

Senator SIEWERT: Mr Button, I'm having trouble hearing you, so could you speak up just a little bit? Thanks.

Mr Button: Not a problem at all, Senator Siewert. I will sit closer to the microphone. I do tend to drift off and not speak as loudly when I'm in front of an audience, so I'll stick closer to the microphone. Just to give a quick snapshot, at the moment the number of Indigenous corporations we have across the country as it is represented on the performance report is a little over 3,100 across the country. Of those, we have close to 200 native title bodies, and that number continues to grow. Certainly, in the conversations we have and the work that goes on with the Native Title Tribunal and the establishment of PBCs and the post-determination process, that work continues to grow. As you can see with the map of Australia on the sheet itself, a large majority of the corporations with ORIC, registered under the CATSI Act, sit in northern Australia. So we do a lot of work in northern Australia and it's been a big part of the process for us in focusing on decentralisation as well to ensure that we actually have staff that are ready and able to get out and support corporations all across northern Australia with the establishment—with the additional FTE that are being allocated to the Darwin office. That is part of the decentralisation—we're planning to have at least 10 new positions, or there is a budget commitment to have 10 new positions, by 30 June of this year, and we're well on the way and on track to achieving that target.

Some of the other things that we are starting to do, obviously, as well as looking at highlighting some of the significant progress that has been made—the spotlight that we do on a regular basis picks out some of the corporations and stats to highlight. One of the things that is going on and the one that you've got in front of you highlights NPY Women's Council and the work that's gone on with that corporation for a number of years. Certainly, being a new registrar and coming into this space, it's important for me and I've done a lot of work around governance and looking at improving governance outcomes in many of our corporations, but certainly the benefit for me in coming into this role and working with corporations across the country is not just to look at how we improve governance arrangements but certainly what we
do to ensure that culture, tradition and local law can still be embedded within the constructs of corporations and decision-making processes for Aboriginal and Torres Strait Islander people. That's something that I'm keen to work out—how we can progress that and how we highlight that, and how we ensure that it's not just something that we do for our corporations. But how do we reflect that and ensure that those decision-making practices using culture, tradition and law can also be reflected across corporations, not just in this country but around the world as well?

I'll leave it there in the sense of providing an opening statement. The other thing I'd like to add, Chair, is that we've started to look at prioritising work in the sense of putting stated priorities to our corporations. For this year, coming in new, coming in fresh and seeing some of the things that have gone on—I've only had two months in the role—certainly, what we're wanting to promote and some of the things we're talking to corporations about now is transparency of information to members—what does that actually look like. So we're talking a lot to our corporations around the notion of transparency of information and how we are doing that, because we see that not only in the sense of complaints that do come in to ORIC but also in some of the disputes where we are having conversations with corporations and their members and then working with government agencies as well, who are funding many of our corporations. We know that there are some issues in relation to transparency, so it's about now having a conversation with the corporations to really highlight that, talk about what that looks like, and how we ensure that it's about not just transparency of information to government agencies or to ORIC as the regulator but what are they doing to inform their members about the decisions that are going on and, effectively, the operations of each one of the companies that exist as well. Thank you.

Senator DODSON: Mr Button, can I congratulate you on your appointment. I understand you're the first First Nations person to be appointed to this position and that you are a Gungarri man. Is that right?

Mr Button: Yes, that's right. The correct pronunciation—not to try to tell you how to say things—is Gungarri.

Senator DODSON: Good. Maybe it's my peculiarities from being from the salt water. But congratulations, and we certainly appreciate the introduction you've given to us and the focus as to where you're going. I've got a couple of questions, and they go to the technical review in 2017. Would you agree that the terms of reference for that review were very narrow?

Mr Button: The terms of reference for the review itself—thanks for the question. I'd like to draw attention to some of the things that have come out. Of the submissions that were received by this particular committee, many focused on the consultation, focused on the special measure under the RDA and focused on the narrow nature of the technical review terms of reference. But, certainly, there is a body of work that was a precursor to the review and a precursor to DLA Piper being engaged to undertake the piece of work to look at the specifics of the legislation that I feel have been missed in terms of some of the conversations. I've been talking to many of the groups that have provided submissions around that. Just to give you an indication or an idea of that, in late 2016 the Department of the Prime Minister and Cabinet actually engaged KPMG to do an extensive review of ORIC, not just as an organisation but also its overall operations and certainly the elements of the CATSI Act that support ORIC in its ongoing functions and structure. It was actually out of the KPMG review
that was undertaken and that went out for public consultation. There were online forms, online questions went out to corporations and they ran some public forums as well. Through the KPMG process, in the set of recommendations, they originally provided some advice about changes to the CATSI Act. So, whilst the DLA Piper and technical review process seemed to be a very narrow focus, they focused their attention on the things that came out of the KPMG review, which was a fairly broad and extensive consultation process with many corporations across the country.

Senator Scullion: Just following that, Senator, there was again, after the DLA Piper review, another round of consultations, which involved 14 public companies, 12 individuals, 12 CATSI corporations, eight native title corporations, five peaks—including the National Native Title Council—500 people and 24 written submissions. Just while I'm speaking about the consultation process, I have written to you, as you'd be aware but other members of the committee may not, that we're prepared to commission an additional round of targeted consultations, led by the registrar, on the measures contained in this bill. As I've indicated, you can appreciate the nature of corporate regulation is such that the sector can't be allowed to write its own regulations, but the implementation of the proposed measures can be consulted on further to ensure there are no unintended consequences. I've indicated that I'll finalise the details of this additional consultation round with your office. The consultations will need to be finalised by late March this year, with a view to debating the bill in the April 2019 sittings. There are some elements of this that I think, as part of these consultations, do require some haste. There are some issues—I know they're historical, but they can be quite onerous and in some cases dangerous—in that we still are expecting every single member to have their name and where they live. These are the amendments we need to make, because, whether or not people are trying to protect themselves from those sorts of things, these are essential items. I know that in the dissenting report you called for more consultation. But, as I've indicated, that's the reason that I'm proposing a process. If more consultation is required, we would certainly like to work with all members of the Senate to indicate what particular areas, not just more. There are obviously areas you think either we haven't done enough work on or there are people we haven't worked enough with. We'd seek some assistance and work with the committee on that.

Senator SIEWERT: One of the ways of dealing with that may be to deal with the non-contro elements of the bill and then do more focused consultation later on those that are controversial. I understand your argument. There are some that aren't controversial. They could go through as a non-contro bill, I would suggest, fairly easily.

Senator Scullion: I certainly would welcome any practical approach to that and I'm more than happy to sit down with other members of the committee to see what is not agreed to.

Senator DODSON: We'll wait and see. The terms of reference consider whether the CATSI Act was achieving its objective, including as a special measure. I note your comments about wanting to see culture, tradition and customary laws and things like that. Does this review take note of that as a special measure in terms of the drafting of the statute?

Mr Button: The technical review that was undertaken by DLA Piper was very much focused on the specifics and the technicalities of the legislation as opposed to focusing on the special measure. One of the things that happened throughout the process itself was ensuring that we sought advice from the Australian Government Solicitor, certainly through the
process of recommending the draft bill go to the human rights committee—which Senator Siewert was a part of—in relation to whether or not it still met the requirements of being a special measure. Those two processes did occur. But the technical review was focused on changes to the act, focused on the alignment with the Corporations Act and focused on alignment with ACNC legislation and proposed changes—looking at ensuring that the use of the Corporations Act was still, I guess, the default position for many of the things that aren't mentioned in the CATSI Act. That was the original focus of the technical view, not to look at the special measure. But there were other mechanisms to focus on, ensuring that we were still compliant with the special measure.

Senator DODSON: So what would you say are the benefits to First Nations peoples as a consequence of the considerations around the special measure?

Mr Button: Some of the benefits for Aboriginal and Torres Strait Islander people by registering corporations under the CATSI Act, as we discussed and as mentioned in the opening statement—we're looking at the role of culture, law and tradition and what that looks like and how that plays in the sense of ensuring that those values can be embedded within current instructions. Those are the things that we see as important, and they are very much at the forefront of what are still essential elements. The CATSI Act also makes significant reference to supporting corporations. Some of those things in terms of supporting corporations are about the use of things like the special examination process and special administration processes. Some of these things aren't necessarily afforded to companies under the ACNC Act or the Corporations Act, but those things are there as additional measures to provide greater support for Indigenous corporations to ensure that we are not seeing corporations going into administration or winding up around the place. It's about being transparent and, when members are raising issues with the registrar and with the regulator, being able to take action to ensure that we can provide a level of support as well as a level of transparency to members and community and then get those corporations back on track if necessary.

Senator Scullion: Senator, while this is a special measure, and I acknowledge that, it is because First Peoples are involved and the government have had a policy that we would employ people from that community—that's effectively what our policy has been—to deliver services. They are normally emerging businesses because past practices have not recognised that we want Aboriginal and Torres Strait Islander people delivering those services. They're starting off in the business. When we give them that business, we're giving them those services to deliver. There is service delivery across the community, and we want to ensure that. But, if a business breaks, then that service delivery breaks. I can say this, having been in small business or medium-sized business pretty much most of my working life, apart from this break while in parliament: I'd much rather be under this special measure. It's quicker and it's more responsive. Most of the Indigenous organisations that come to ASIC, not because of their ethnicity but in a business sense, have some sort of particular challenge, and they are much better served under this process than others. I think we've demonstrated that. Since the introduction of the act I think revenue has increased by 77 per cent, average annual growth rate of income over the past years 10 years has been 8.3 per cent, employment has increased by 86 per cent, and assets under management increased by 223 per cent, up to some $2.4 billion. But most importantly, the failure rate of Indigenous corporations is at 0.5 per cent,
which is less than mainstream ones, which is 0.8 per cent. I'm not sure and I'm not saying that's because of the CATSI Act, but a lot of people have in their minds that Aboriginal corporations fail. In fact, they don't. They fail at a far lesser rate than mainstream companies. So, yes, we need to deal with the matter. It is a special measure. But it's also a very effective practical measure to look after small businesses. The reason it's so important, certainly to me, is that we've made a decision to move service delivery to Aboriginal businesses who are close to those communities. That in and of itself has some brittleness and has some risk. What the CATSI Act has been able to do is manage some of that risk because the business is connected to service delivery.

Senator DODSON: I understand, but I just wanted to get to the question of transparency and conflicts in the governance arrangements of the corporations that actually undertake those deliveries, because that's really what the registrar usually looks to. How are you seeing the cultural components within those two quite significant principles of transparency and conflicts? Given that you have customary laws and extended family relationships, you have a whole range of reciprocities.

Mr Button: I can address the question in two parts. The first part is how we are dealing with it now and the second part would be how we are proposing to deal with it under the draft bill, because we do recognise that, whilst we're dealing with many of those circumstances at present, we think there's a better way to do it. That's why we're proposing some of the changes to the bill itself and changes to the act. Under the current circumstance, what we do—and certainly the operations are effective—when we are looking at disputes is look at issues and look at things like where there are complaints and there is a family dynamic and breakdown, as you would certainly appreciate. Those things do happen in many of our communities and then affect decision-making processes. It does impact upon the governance of corporations, what those corporations are doing and the services they deliver in community. The best way we can deal with it is by looking at the complaints that do come to us. As a regulator, when those complaints do come to our operation, there are a number of things we can do. One of those things is obviously looking at an examination. We have the power under the act to undertake an examination to get an indication of whether or not these things have had an impact upon the operations of the company itself or the corporation itself and whether or not it is something that we need to delve into further. We do those on a fairly regular basis. We have a rolling cycle of examinations. It's not something that we just pick and choose. We do receive complaints and some of those come to our attention. We need to do examinations further. So we will go further and have a look at those sorts of things if we are receiving multiple complaints about particular issues.

The other part of that is then looking at the rolling cycle of examinations around the place. When we're looking at corporations through examinations, many—certainly in my time and in 2018—examinations have come back to us where we've issued management letters. The management letters that we issue to many corporations tell the corporations that they're doing a good job, because the examinations and the external individuals that we've contracted to come and have a look at those corporations are telling us that they're doing a good job, they're managing finances well, they're making decisions well and they're functioning well in terms of good governance. It's those sorts of mechanisms that we then use. Looking at the changes to the act, one of the particular pieces around the changes the act that you would be very
familiar with is related party transactions. We have many of our corporations across the country—and certainly in many of our remoter areas—set up who are wanting to contract locals but, because of the specific nature of the act at this point in time, they're unable to contract someone in the local community because they are a related party.

Senator Scullion: Families.

Mr Button: Because they're family members. At the moment that isn't able to happen unless it goes to a full members meeting. There isn't a threshold that's set in terms of the amount. What we're attempting to do through that process is just to set some guidelines for each one of our corporations that says, 'Okay, we understand that there's going to be limited supply in relation to those who can come and perform tasks that the corporation requires locally because of related party benefits and because of the fact that you've got family members sitting on a board as well as those who are providers of services in local communities.' Through the process of the changes to the act we're now making some attempts to say, 'There's a threshold to it, and if it's under this amount, as long as there's an arms-length decision-making process, as long as there's some structure and process that goes on and as long as it's transparent to the community and the members, then related party transactions are okay.' Again, it restricts local business and restricts local employment if we're not able to do that into the future.

Senator DODSON: How many of the 3,000 or so corporations do you anticipate will have to rewrite their rule books?

Mr Button: On early indications, for us, if the bill does pass, then there will be a process for all corporations to review their rule books. It may not be a complete rewrite of every single rule book, but what we have put in place and what we've talked about through the process is having a window that enables corporations to look at that review process across a two-year period. There has been plenty of conversation, and some of the objections to the changes themselves that have come through are about additional special general meetings just to look at and do a rule-book review and some rule-book edits. That's not necessarily the case, because those things can happen at an AGM. What we're suggesting is that in your normal business and in your normal practice, yes, you might need to review your rule book as a board, but then, when you're looking at changing your rule book, take that to your next AGM and make that a specific piece of the process for your next AGM. Don't just have a special general meeting for that particular business, because that's going to cost your corporation money. We know that you're going to have to have an AGM anyway, so do it at the AGM time, because then there's less administrative burden on the corporations.

Senator DODSON: There'd be notification requirements in relation to that?

Mr Button: Yes.

Senator SIEWERT: Can I go back to the issue that you made comment on fairly early when we were talking about the amendments and the bill. I heard what you said about phone calls et cetera and some consultation around the concepts, but when was the actual technical review report made available to stakeholders?

Mr Button: The report became publicly available when ORIC and the department provided our submission to the committee in relation to the bill itself.
Senator SIEWERT: So stakeholders didn't get an opportunity to see the technical review before the bill amendments were made public. Is that a correct understanding of the time frame?

Mr Button: Not the technical review report itself—that's correct. But there was the discussion paper that was used in the conversations and consultations across the country.

Senator SIEWERT: The discussion paper is very different from what the technical review says. You can understand organisations' and stakeholders' concerns that they haven't had an adequate time to consider the technical review, given the time frame for submissions to the committee was relatively short. I have concerns that that report was not made more widely available before the draft was introduced. Can you see why people are concerned about that?

Mr Button: That has been a conversation with some of the stakeholders and those who have provided submissions to the review itself and to the Senate's work in relation to the technical review. Prior to submitting the technical review as part of our package of submissions to the committee, there were extensive consultations and conversations, not necessarily a provision of the report itself, with those stakeholders to give them an understanding of what is in the paper.

Senator SIEWERT: You'll excuse my cynicism, but I've been involved in a lot of processes where there have been conversations with Aboriginal communities that did not give an indication of amendments and did not give the participants an understanding of what the government was proposing. I'm not saying that's what happened in this instance, but my experience and the feedback I've had is that very often people don't get from those conversations what the government is actually planning. In this instance, do you think the people involved in those conversations then understood the direction the government was heading in with the bill and the amendments?

Mr Button: I believe there was a good understanding of what was being proposed in the draft bill.

Senator SIEWERT: Sorry, but that's obviously not what we are getting reflected back to us.

Mr Button: I can add that the only pieces that were controversial in the sense of the things that were in the report itself that we talked about were in relation to insolvency law. Those things weren't going to affect the overall draft of the bill itself. Those things were making reference more to what was in the Corporations Act as opposed to the CATSI Act. They were the things that we rely upon. Because we still rely upon the Corporations Act for a number of things that we don't necessarily mention in the CATSI Act, the technical review paid a lot of attention to things particularly around insolvency law that weren't necessarily relevant for the CATSI Act. But for those things that were relevant for changes to the CATSI Act we did have conversations with each one of those stakeholders and groups to ensure that they were across those things. What came out of the technical review report and what many of the stakeholders who provided submissions would not have seen and discussed prior were the pieces that focused on the insolvency issues, which were not related to the CATSI Act.

Senator SIEWERT: Yes, but then they're issues that still potentially affect them when they're looking at everything as a whole.
Mr Button: Yes, I completely understand that.

Senator Scullion: Part of the challenge for us was that we made some assumptions, because it's a special measure. We'll be as close as we can to the Corporations Act. But a lot of the criticism was about stuff that we weren't reviewing or intending to amend, because we were amending only the CATSI Act; we're not seeking to amend many of the elements that we weren't changing but we were still subject to. The important point is that, if government or governments wish to change that, that feedback will be provided to those amendments that might be taken up if governments seek to change the mainstream Corporations Act.

Senator SIEWERT: Do I interpret what you've just said as being that if some of the consultation highlights that there are problems as the Corporations Act applies, government would consider amendments that reflect that?

Senator Scullion: We'd take all of that into consideration. If they say, 'Yes, what about that,' we'll say, 'It's not about that, but it doesn't mean that will be ignored.' If it comes to the challenges they've had with ASIC and the Corporations Act, which we're not amending, the fact that they've made these submissions won't get lost.

Senator SIEWERT: But the operation and application of CATSI on the corporations is a potential intersection of both—

Senator Scullion: We only tried to change as much as we could. We're trying to keep to the mainstream Corporations Act. We try not to move away from that as much as possible. I think people realised that there were elements of that that had an impact on them and they were saying, 'We don't really like that,' and I said, 'That's not part of the CATSI Act; that's part of the mainstream act.'

Senator SIEWERT: Can I go back to the KPMG consultation process. Mr Button, you referred to online processes. Can I double-check that that wasn't the only consultation approach. Were there face-to-face consultation processes as well?

Mr Button: There were workshops and consultations as part of the KPMG review report.

Senator SIEWERT: Can you perhaps take on notice the number and location of the consultations that were carried out. You don't need to tell me everybody that was consulted.

Mr Button: Yes. We're happy to provide you with a list of where and when those KPMG review report consultations occurred. I'm happy to provide that back to you.

Senator SIEWERT: That would be appreciated, thank you. Senator Dodson has gone over some of the technical grounds I was going to be asking about. I think for the time being that's all on the CATSI Act amendments, but I do have some more general questions. Is that okay?

CHAIR: Yes.

Senator Scullion: I'd like to say briefly that those anxieties that you mentioned are specifically why those additional consultations are going to be held with those few organisations that have them. If there are others that we are perhaps unaware of, can you let us know so that we can make sure that's captured in those consultations?

Senator SIEWERT: Yes, I will. We made fairly clear what our areas of concern are. That's just reminded me. Following those consultations, what do you anticipate the process will be? That's the end of March. You've just said you want to deal with this in the two days...
of sitting that we are here for in April, reporting back on those consultations so that we as legislators can get an idea of that process. What do you intend to do in response, following those consultations?

Senator Scullion: What we'd seek to do is involve the committee here—because you're the closest to the legislative process—on the outcomes of those consultations before putting it forward. The other reason there's some urgency is that, if there is an election and this isn't dealt with before then, this legislation goes and there'll be a requirement for another legislative committee. There would be all of those normal requirements and it will fall—and they always do—and it will be some time before this will be able to be revived in the next parliament.

Senator SIEWERT: When you say that you'll involve this committee, does that mean you will provide a report to the committee on where the consultation process is at?

Senator Scullion: Yes, and we will be inviting the committee, as I'm doing verbally now. If you have any other specific elements that we need to deal with in that last round of consultations, please let us know. If you think also you have some advice practically about how we might more closely involve the committee, I'd like the committee to know that we have undertaken additional consultation on the additional areas that the committee require to have their full support to make it a non-contro TTAS status bill, because that's the only chance we have.

Senator SIEWERT: Then it depends, I suppose, on where the stakeholders are at.

Senator Scullion: Indeed.

CHAIR: And the extra sitting days.

Senator SIEWERT: Yes, and extra sitting days.

Senator Scullion: Yes, indeed.

Senator SIEWERT: None of that will be incredibly easy to deal with.

Senator Scullion: I suspect not, but we have had other, quite long discussions with the National Native Title Council on this matter. I don't want to verbal them, but I think that my assumed position that they were in resistance was perhaps not as accurate as I thought it was. That always comes from provision of new information. Obviously they'll be involved in a proper round of consultations.

Senator SIEWERT: I'm very conscious that we're getting close to time. I have just a few extra questions if that's okay. Thank you for this; it's useful. I'm just looking at the monitoring and compliance of—is this the appropriate way to read it?—71.1 per cent with reporting obligations. Can you just take us through that. That means there is a percentage of, I hesitate to say, noncompliance, but—

Mr Button: Still in progress.

Senator SIEWERT: So what happens? Do you follow those organisations?

Mr Button: Yes, we do, and we're in the process. You are reading it correctly in the sense that at the moment 71 per cent are fully compliant in providing and undertaking their reporting obligations by 31 December. We're working through the process with all those corporations who are yet to achieve that and we're having direct conversations to ensure that they're providing all of the reports that are necessary. One of the big impacts for this year, as
I've been told by my team, is we're requesting that the audited financial statements have the correct signatories on them. In the past we've accepted those that are prepared financial statements as opposed to those that have been signed by the board as well as the auditor. That has been where we've seen much of the slippage in the sense of ensuring that the AFSs that are produced and received are signed.

Senator SIEWERT: That was going to be my next question. How does that compare? You may not be comparing apples with apples, because of the new processes you put in place. Is that correct?

Mr Button: That's correct.

Senator SIEWERT: Are you able to give us a sense of the 29 per cent that at the moment you're still chasing up? Are they large organisations, or the smaller organisations that the minister was talking about earlier? Are they organisations that need some extra capacity in order to assist them to ensure that they're compliant?

Mr Button: It's a combination of both. It's all of the above. Some are large organisations who haven't fully completed their AFS yet; it's some small organisations and some organisations that have had no turnover and no revenue in the financial year but still haven't prepared the appropriate paperwork to submit to the regulator. Again, we're working with all of those groups. Many of them have submitted paperwork, but it's just a process of going back and verifying the paperwork throughout the process as well, to ensure that they are providing us with the correct notices along the way. It's all corporations; it's not specifically saying it's coming from one particular section. But we are working with them all to make sure that we can meet that 100 per cent.

Senator SIEWERT: I have a couple more questions, but I will put them on notice.

CHAIR: I know that Senator Duniam has some questions. We are scheduled to go to a break at 10.30. Senator Duniam, how long do you anticipate they'll go for?

Senator DUNIAM: I don't think very long—five or 10 minutes, perhaps.

CHAIR: With the agreement of the committee, we might delay going to the break by a few minutes so that we can conclude these questions, let ORIC go and return to the rest of the program after the break.

Senator DUNIAM: Thanks, Mr Button, for your appearance today. Just on your monthly performance snapshot and the deregistrations finalised there—the number was eight—can you just tell me what the pathway is for a deregistration? Is it something that an organisation volunteers to do or is it something that occurs after the work of your organisation?

Mr Button: It's an organisation that—many of the corporations were volunteered to deregister. We'll have conversations with some of those corporations as well, where they haven't been operating, there isn't much business going on and they're not likely to look at continuing or they are setting up a new corporation for a different business.

Senator DUNIAM: All right. So it's not as a result of impropriety or—

Mr Button: No. Mostly, the deregistrations that we've got listed here are corporations who aren't trading and aren't doing much, but they're setting up new corporations to do other business. So we're saying, 'Deregister that one, because you've got this one anyway.'
Senator DUNIAM: Sure. And you say the ones here aren't as a result of that. Do they ever get deregistered because of impropriety or—

Mr Button: Yes, there are some that we do in terms of winding up.

Senator DUNIAM: Okay. Just on that, then, there is a character that's popped up in Tasmania that I wanted to ask about. I suspect he is one that ORIC is familiar with. It's a fellow by the name of Steve Mavrigiannakis, who goes by the name of Steve Mav and who was some time ago the CEO of the Gumala Aboriginal Corporation, which is one of the biggest ones in the country. Is that name familiar?

Mr Button: It's not familiar to me, Senator.

Senator DUNIAM: I will just run through some of the issues that are in the public domain around Mr Mavrigiannakis's behaviour and conduct as a CEO of one of these corporations. They involve Mr Mavrigiannakis claiming thousands of dollars in accommodation expenses from the organisation when he was in fact living in a high-rise apartment on Adelaide Terrace owned by his mother. Another claim is that he paid for dozens of expensive meals at some of Perth's top restaurants on his business credit card, provided by the organisation, before claiming the same meal on expenses from the organisation. Then it was alleged that he had the corporation buy him a $60,000 Lexus while he lived in Perth when he already had a $65,000 Toyota Kluger at his home base in Tom Price. He was also allowed to claim unlimited air travel within WA and business-class air travel anywhere at any time within Australia; unlimited cab charge rides; hiring of a car at any time; dry cleaning and laundry; the use of a company credit card to buy meals for himself, guests and staff; and the use of unlimited fuel cards and a Coles card, presumably to buy groceries, on top of his $400,000 salary. It's understood that Gumala incurred losses of $235,000 in travel and other expenses, while $100,000 in credit card charges could not be accounted for, which is a rather significant rap sheet. Mr Mavrigiannakis, when confronted with these claims, said, 'The elders said to me, "Steve, get the money and spend it,"' and then went on to say, 'I did everything within my power to spend the money,' which is a pretty galling statement to make off the back of that. I would have thought the elders' intent was something very different to how he executed it. Has ORIC had any dealings with Gumala on this particular—

Mr Button: I am informed by my colleague that ORIC and BAHS registrars have done some investigations and looked into Gumala as well as the person in question. What I would propose that we might be able to do particularly for you is take it on notice and provide a brief back to you specifically about where those investigations are at and what we may have found in the past about that individual.

Senator DUNIAM: Okay, I appreciate that. I know you will take the detailed component of it on notice, but can you tell us at this point where things are at with that particular issue? Has it been resolved?

Mr Button: The understanding that I have at this point in time is that there have been some investigations in the past. Those investigations haven't led to a prosecution, but certainly we'll get a more updated brief and provide that to you.

Senator DUNIAM: That would be helpful. You don't know whether those investigations are ongoing?

Mr Button: Not at this point.
Senator DUNIAM: Can you just confirm for me whether one of the investigations concerning this individual includes Mr Mavrigiannakis's alleged bullying of a WA MP to whom apparently he provided a $750 donation and then asked him to ignore allegations that he was recording his staff's telephone conversations and bullying employees? This MP, a Mr Stephens—and this is from some time ago—said that Mr Mavrigiannakis 'effectively threatened and menaced me' over issues relating to said conduct. Mr Mavrigiannakis had admitted in a letter written to a staff member that he had recorded phone conversations in which she was critical of him, and he had asked her to explain why she should not be effectively dismissed. Then there was a second case, where a Gumala staff member, as a result of this, had attempted to commit suicide. I'm led to believe that staff members had complained to ORIC about this. Is this one of the investigations that you will provide information on?

Mr Button: Yes, we will. We will find out the information and provide that directly.

Senator DUNIAM: Because this individual is an individual who is seeking public office and has been for many years right around the country. I just think it's important that people like that are brought to account for such conduct. Minister, do you have a view on this sort of behaviour?

Senator Scullion: Well, I'd say that the issues around Gumala are historical. I've been here long enough and I know that Senator Dodson is aware of these matters and I know Senator Siewert is. I know that one of the challenges we have is where they are going to turn up next. I have to say it has evaded me. We're not allowed a blacklist of people, so it's actually part of the CATSI Act amendments to try to share with the board, with accuracy, how much you are paying the CEO, and related expenses. That's our closest attempt at doing that. I won't give any names, but certainly in Borroloola there was such a circumstance some time ago, and they will never recover. They will never recover. It was just theft. That individual sort of appears again somewhere else. It's very difficult without proper prosecution, and that prosecution often involves people who really are not apprised of the circumstances and events and are asked to sign things that they really don't have sufficient knowledge of, which is why ORIC is so important—to build that corporate knowledge so that each of the directors understands where they can get help. Often it's not in their first language, so it's very difficult to put a document in front of them. We have to do better on all of these things. I think I'd share many of the committee's frustrations in that we've all tried—all sides of parliament have tried—and we need to continue to strive to ensure that the boards, when they are making the selection of people that they put their trust in, are fully apprised of that person's background and how they have fared in similar circumstances elsewhere. So it's a work in progress, Senator Duniam.

CHAIR: I thank you very much for your attendance here this morning and we look forward to having you back many times, Mr Button. The committee will now take a break.

Proceedings suspended from 10:37 to 10:52

Department of the Prime Minister and Cabinet

CHAIR: The committee will now resume. I welcome officers of the Department of the Prime Minister and Cabinet. The committee has set 29 March 2019 as the date by which
existing questions on notice are to be returned. Minister, I believe you wish to make an additional opening statement.

Senator Scullion: Thank you, Chair. I want to start again by acknowledging that we are sitting today one week after the Closing the gap report was tabled in parliament. The Prime Minister's statement outlined that only two of the seven targets are on track. Now, this is clearly disappointing and reflects the failure of governments to drive the change that everyone in our nation wants to see. It's interesting that, if you take a closer look at the targets, you can see that in the areas that the Commonwealth has a direct lever to change—and that's early childhood enrolment and high-school completion—I think we're doing significantly better. That's not to say that, when the states and territories, under COAG, take on their direct responsibilities in the same way as the Commonwealth have done traditionally, those changes won't be reflected in those other areas of enterprise.

As I've said over my time as minister, giving Indigenous children the foundation to a successful life through a positive education has been the key priority of the communities. This is why I was so pleased that the Prime Minister announced a $200 million Indigenous youth education package that will secure the future of the next generation of Indigenous Australians. Last week we also announced that we have extended the Indigenous Procurement Policy to boost the Indigenous business sector further. Since its establishment in 2015, Indigenous businesses have delivered 11,933 contracts now worth over $1.83 billion. So, from 1 July 2019, our Indigenous Procurement Policy will introduce a target of three per cent of the value of Commonwealth contracts to be awarded to Indigenous businesses within a decade. It should be clear that this is in addition to the existing IPP target—that is, three per cent of the number of Commonwealth contracts going to Indigenous businesses. We are seeing, as many of you would have seen, really positive signs of success on the ground in so many areas—60 per cent of organisations funded under the Indigenous Advancement Strategy are now Indigenous organisations. That is double the number we started with when I first became the minister. We now have handed decision-making on grant funding to local leaders, through the Empowered Communities initiative, who are leading the way on working together with government to drive change on local community priorities. We have handed back 220,000-odd hectares of Aboriginal land in the Northern Territory since 2013 and passed two pieces of legislation this week, with the support of parliament, to enable even more land to be granted. We've made school attendance a priority for the Commonwealth and at all levels of government. We are still delivering on what communities are telling us is their priority. We're rolling out reform to the Community Development Program with the introduction of 1,000 subsidised jobs, more flexible ways for people to work their required weekly hours, reduced participation hours of up to 20 hours per week, greater community control through community advisory boards to provide advice on local service delivery, the delivery of CDP by local Indigenous organisations, and a new provider payment model to enable CDP providers to focus on engagement with participants rather than on penalties. We have reforms on the table that would deliver 6,000 jobs, transfer control completely from Centrelink to local Indigenous organisations and reduce 85 per cent of the breaches.

CHAIR: Thank you, Minister. Professor Anderson and Mr Griggs, do either of you have an opening statement?

Prof. Anderson: No, thank you.
Senator DODSON: Chair, can I make a brief statement in relation to the minister's contribution, knowing that he's indicated he is going to not run at the next election. There will be, hopefully, a better time to say something more substantial, Minister, but I simply want to acknowledge the work that you've done and, I suppose, the toughness of the environment not only in the Indigenous community but in the political space. I don't talk just about the opposition. But no one can question your good intentions and, I think, your desire to see better outcomes across so many fields. I know you'll leave frustrated about some of them—

Senator Scullion: Many.

Senator DODSON: but I don't think you could ever question that you haven't always given your best efforts to get things. From my personal point of view, thank you for the way we were able to cooperate on some things. We've disagreed on other things, but generally we've tried to find accommodation and common ground. We'll say more about those things later. But, just in response to the little table of achievements you've given us, thank you for that effort. I know full well how hard this space is and we wish you well when you go fishing for barramundi, hunting crabs and looking for those feral pigs.

Senator Scullion: Thanks very much, Senator.

Senator DODSON: I do have a couple of questions on the CDP, if I may proceed, Chair.

CHAIR: You may.

Senator DODSON: These are basically in relation to the tender. Has the government run a new tender process for the CDP providers, and over what time period? I'm not sure who answers this.

Mr Denny: Yes, the government has run a grants assessment process.

Senator DODSON: Over what period of time?

Mr Denny: In terms of the actual assessment process?

Senator DODSON: Yes.

Mr Denny: The applicants had four weeks to apply.

Senator DODSON: Do the new contracts or tender process take into account the targeted compliance framework? I know it hasn't been passed into legislation, but do you take that into account? From what the minister says, it sounds like there is some of that being adopted despite the lack of legislative support for it.

Mr Denny: When the grants were advertised, at the time we obviously were still operating under the current compliance framework. That information was provided in the application process, but so was the fact that there was legislation currently before the parliament looking to introduce the targeted compliance framework.

Senator DODSON: Can you confirm for me that the process for applications for these new contracts began on 23 October?

Mr Denny: Yes, the applications opened on 23 October.

Senator DODSON: And they closed on 20 November?

Mr Denny: They closed on 20 November.

Senator DODSON: So less than four weeks?
Mr Denny: It was exactly four weeks.

Senator DODSON: Were some applicants being advised of the outcomes by 18 December? Is that right?

Mr Denny: Yes. Most were advised between 19 and 20 December.

Senator DODSON: At what date was the minister provided with the department's recommendations on the outcomes of the purchasing process?

Mr Denny: On 7 December.

Senator DODSON: What was the relevance of the 19th and 20th?

Mr Denny: That was when applicants were advised of the outcome.

Senator DODSON: So on the 7th you advised the minister, and then applicants were advised. Okay. In the few weeks that the department had to undertake the assessment of the applications and get recommendations to the minister, what consultation was undertaken with remote Indigenous communities about the best providers to work with them to support their aspirations?

Mr Denny: During that assessment process, no explicit consultation happened with communities.

Senator DODSON: Even with those that may have already been providing these services?

Mr Denny: Correct.

Senator DODSON: So there was no consultation with them at all?

Mr Denny: Not in terms of assessing the applications during that period.

Senator DODSON: Okay. How many providers are there currently?

Mr Denny: Currently there are 40 providers.

Senator DODSON: How many of these providers have been notified that they have been successful in winning a three-year contract—or is there a lesser period for some of them?

Mr Denny: No, all applicants will be offered three-year funding agreements. But the actual process is still being finalised, so I can't give you the number of current providers who will be continuing.

Senator SIEWERT: Why is that?

Mr Denny: That process is still being finalised, but I can take that on notice.

Senator SIEWERT: So you've given the grants?

Mr Denny: No.

Senator SIEWERT: Sorry, you've approved providers.

Ms Lewis: Could I jump in. The process to recommend to the minister which providers we think should go forward involved staff from our regional network, including our regional managers. We took into account current providers' past performance. Of course, regional managers are closely in contact with providers, so their input was vital to that process. The status, at the moment, is that successful applicants have been advised but no funding agreements have been signed. That is a process that's underway at the moment.

Senator SIEWERT: So 40 providers have been advised of the successful application. So why can't you tell us—
Mr Denny: There are 40 current providers, and there were a number of other applicants. Everyone has been advised of the outcome of their individual grant application. I just don't have that list of the 40 providers for you right now—which ones are going ahead and which ones aren't. But, as Ms Lewis indicated, there are also negotiations happening at the moment.

Senator DODSON: Why can't you tell which ones are going ahead and which ones aren't?

Mr Denny: I said I just don't have it listed in that format for you at the moment.

Senator DODSON: You said there are 40 that have been successfully recommended to the minister.

Mr Denny: No. There are 40 current providers, right now.

Senator DODSON: Not as a consequence of your recent process?

Mr Denny: No.

Senator DODSON: How many of those from the current process have you got?

Mr Denny: You mean, of the current providers, who is successful and who isn't?

Senator DODSON: Yes.

Mr Denny: I don't have the analysis broken down by that in my pack, but I can get that for you.

Senator DODSON: Can you give me the overall number, then?

Senator SIEWERT: The new ones.

Mr Denny: For the new ones? No, I can't give you a final number. I don't mean to be difficult, but in some cases there may have been a couple of applicants who've been advised they've been successful and we've asked them to see how they can work together in a particular region. It might be that they come together to form a single entity, or it might be that they share the region in some way and we have two separate entities delivering in that particular region. Those discussions are happening as we speak.

Senator SIEWERT: In the meantime, can you tell us how many got a letter saying they've been successful?

Ms Lewis: Of the current group?

Senator SIEWERT: No. When you wrote to all applicants—

Senator DODSON: On 23 October.

Senator SIEWERT: how many were told they were successful?

Mr Denny: I'd have to take that on notice.

Senator SIEWERT: What? Sorry, why do you have to take it on notice? This is estimates. I would have thought that would be an obvious thing we would ask.

Mr Denny: I just don't have the number that we were advised were successful.

Senator SIEWERT: Can someone make a phone call and get it for us.

Ms Lewis: We'll get that.

Senator Scullion: When we said 'on notice', we meant a few seconds. Perhaps I'll just put a little bit of context around this. It is well known in this industry that, because I am the final
decision-maker, if you are not in an Indigenous joint venture of some kind your chances of continuing as a provider are slim. There'll be 100 per cent of Indigenous providers across the CDP this time. The circumstance, when they're talking about that period of time, was ensuring that the bona fides about Indigeneity of the organisation were absolutely clear to us. It took a little bit of time in the December period. I'd like to commend the Supply Nation for their assistance in that regard. I think there are now two areas where we said this is the case and we awarded. But, on the basis of that, there have then been some discussions between, sometimes, the awarded party and another party about potentially having an integration rather than some potential local conflict. But that is a matter for them. The reason that hasn't been concluded is we were just allowing those groups to conclude some internal discussions, but they won't be doing that for a particularly long time.

Senator DODSON: Of those who received a letter to say they were unsuccessful in their application to continue to provide the CDP, how many organisations are there?

Ms Lewis: There are about 12 organisations of the current cohort.

Senator DODSON: What I understand the minister has said is that whoever has been deemed to be the successful applicant out of those 12 having discussions with those 12 or just one or two of them?

Ms Lewis: That, I would have to take on notice. I don't have that information.

Senator DODSON: How can't you know this stuff?

Senator Scullion: I can assist, I think.

Senator DODSON: They're not big numbers.

Senator Scullion: The number is two. There are two at the moment. We hope to have them back to those discussions being concluded within days.

Senator DODSON: There are two out of the 12 that were not successful?

Senator Scullion: No; there are two out of the total number that we haven't made a final decision on in regard to them just asking for a little bit more time.

Senator SIEWERT: You're still getting us that current number?

Senator Scullion: Yes.

Senator DODSON: You can't tell me, then, how many in total were unsuccessful, because you haven't completed the process. Is that right?

Ms Lewis: I think it might be useful—I've just asked Mr Denny if we can get you answers to those questions and come back to you in this session with those.

Senator DODSON: When do you see this process actually concluding so that there's certainty for a provider, whoever is going to be the provider?

Ms Lewis: By mid-to-late March we would want all funding agreements executed.

Senator DODSON: And they would be offered three-year contracts? Is that what you're saying?

Ms Lewis: That's correct.

Senator DODSON: And they would be verified, as the minister said, First Nations organisations?
Ms Lewis: That's correct.

Senator DODSON: How many of those will be from within the community and how many of those will be from outside of the community? Who will be providing the service?

Senator Scullion: It's probably easier to ask the question within the region.

Senator DODSON: Within the region?

Mr Denny: We don't have the exact number, and it also kind of depends on how you define 'local'.

Senator DODSON: Take East Arnhem Land. That's local to me.

Senator Scullion: We have a change in East Arnhem Land from one area of East Arnhem Land—there are two regions. There's region 41. The other regions remain the same. Region 41 changed from an organisation called MEP, an Indigenous organisation, to ALPA, another Indigenous organisation.

Senator SIEWERT: So ALPA has taken over that region?

Senator Scullion: That's correct.

Senator DODSON: So MEP will no longer be the provider in Yirrkala?

Senator Scullion: It's in area 41, which is more than Yirrkala, but that's correct.

Senator DODSON: Yes, I understand it's bigger than that, but thank you for pointing that out. I'm using very simple language so that we understand what the focus is. So that organisation, MEP, has been advised that they will not be the provider. Is that right?

Senator Scullion: That's correct.

Senator DODSON: If the successful entity, as you mentioned, is—who are they?

Senator Scullion: ALPA, Arnhem Land Progress Aboriginal Corporation.

Senator DODSON: And they are based in Darwin, aren't they?

Senator Scullion: No, they're not.

Senator DODSON: Where are they?

Senator Scullion: They have a number of centres. They have an administrative centre in Darwin, but they also have significant presence and they already run the adjacent CDP contract in two areas and do so very successfully. Arnhem Land Progression Aboriginal Corporation owns stores across Arnhem Land and they also have a base in Galiwinku.

Senator DODSON: What will be the consequence for MEP in terms of the people that they employ, the people who have been running the show?

Senator Scullion: In terms of employment, whilst we can't dictate these things, in this particular matter we know that ALPA have actually taken over other regions and they have had a great story to tell about how they've made sure that all the employees have been maintained in the transition. I think that they understand that the relationships between the employees and the clients are very important to maintain. They've done that on two other occasions and been very successful at it.
Senator DODSON: But you would be aware of how important that close relationship is between the people from MEP and that region.

Senator Scullion: I do, but it's not to say that this other organisation doesn't have existing and close relationships. The other organisation actually runs the my Remote School Attendance Strategy in Yirrkala and has close relationships with the residents of Yirrkala and other areas of area 41.

Senator DODSON: Has anyone been to speak to the people from Miwatj?

Senator Scullion: I've spoken to the people from Miwatj, and they've expressed their disappointment. I have indicated to them why that decision was made. A clinical decision was made that, basically, we needed to remember that we needed to provide the very best services—and it was difficult. We have two Indigenous organisations, but, on a clinical examination, historically, we knew that we needed to provide the best service and we thought ALPA was able to provide a service superior to what was already being delivered. It's a difficult circumstance, but these are decisions that have to be made in delivering the best quality service to our First Australians.

Senator DODSON: I can understand that, Minister, but what are those elements of the better service that the local entity—

Senator Scullion: There are the number of people they get into jobs in a region directly—it's the same; it's in north-east Arnhem Land—the people who get into training and a whole range of non-subjective indicators across a range of service delivery elements that we look at. This was a recommendation of the department. The department looked very carefully at all these matters, and this particular decision was difficult. I looked very carefully at it and I wasn't convinced of a need to change the department's advice, because the advice was made on a lot of very important indicators that were very carefully looked at.

Senator DODSON: But were those discussed with MEP? They may have been discussed from a bureaucratic point of view, cost efficiency and all those things, but were they discussed with this little organisation out in Arnhem Land?

Senator Scullion: I've had discussions with MEP about those matters and the process for coming to that conclusion.

Senator DODSON: But none of the departmental people went out and said, 'You need to lift your game here, here and here; otherwise, you won't have a hope of getting anywhere near this contract'?

Senator Scullion: I don't know what happened prior to that. Perhaps the department can provide advice.

Mr Denny: Our regional staff have contact with providers all the time and provide regular feedback.

Senator DODSON: I'm asking specifically who went to the board of MEP and discussed the criteria, the new thinking and the new challenges that were going to come with the letting of a new contract.

Mr Denny: That was all part of the application pack.

Senator DODSON: An application is a bit of paper to me. Who went there and spoke to these people?
Mr Denny: I can take that on notice and if I can get details of who spoke to them and—

Senator DODSON: Or was it sent by email or something? These are people who operate on oral culture, and I want to know who went out, spoke to these people and informed them that the world was going to change and they were likely to miss out.

Mr Denny: They were certainly given feedback about the time when they were notified of their application—immediately, when all providers were.

Senator DODSON: No, that's the application. What about the new criteria that they were going to be assessed on? Did anyone explain that to them before the application turned up on their desk?

Mr Denny: Well, they had the same amount of time as all applicants.

Senator DODSON: And this is a culturally sensitive approach? This is a relatively short period of time we're talking about here.

Senator Scullion: I can say that in a previous contract there were a number of pieces of advice that the quality of the service provision was not sufficient, and it ended up that we had to transfer—because there was no lifting in the performance of that organisation—a particular service that they were delivering to another local Indigenous organisation. So I do know that process takes place, because I know it happened in another one, but we'll have to take that element on notice. But that is the usual process. It is not to send an email or something. I was involved in the original process myself. But we have a network of some nine people that are only just down the road from MEP, and I'm quite sure that they would have been made aware through the normal service reports that they would have been receiving that their service provision was not to the standard that we thought it should be.

Senator DODSON: Okay. Maybe, to clarify where I'm coming from with this, we can get a list of the current providers and those who have been successful. Which one of those are actually negotiating with the nine or whatever it is, and who are those nine? I think the period is pretty clear. You're going to offer them three-year contracts.

Mr Griggs: We'll get that for you.

Ms Lewis: We'll get that for you today.

Senator DODSON: You'll get it for me today?

Ms Lewis: Yes.

Senator DODSON: Very good.

Senator McALLISTER: For the Aboriginal organisations that have been successful in this process, how many have non-Indigenous parent companies?

Mr Denny: I don't have that detail.

Ms Lewis: We'll take that on notice.

Mr Denny: I can take that on notice.

Senator Scullion: Senator, I think it's useful to say that these are Indigenous companies that have to be now registered as such. There's no parent company. These are all Supply Nation authorised Indigenous organisations. The term isn't just as it perhaps used to be; it's actually quite a specific term. I'm happy on notice to provide you with some detail of what that requires to be an Indigenous company.
Senator McALLISTER: Is RISE Ventures considered an Aboriginal organisation?

Senator Scullion: I'm not sure.

Mr Denny: It meets the eligibility criteria that we set for CDP.

Senator Scullion: I understand RISE is in a joint venture with other—

Mr Denny: In some regions.

Senator Scullion: In some regions, but on their own?

Mr Denny: On their own, they're at least 50 per cent Aboriginal owned. I don't believe they're registered under, for example, the CATSI Act as an Indigenous organisation.

Senator McALLISTER: Have they received a contract under this process?

Mr Denny: We're not announcing the outcomes, but they certainly have current CDP contracts.

Senator McALLISTER: How many do they currently have?

Mr Denny: Currently, they deliver CDP in six regions.

Senator DODSON: This is in their own right?

Mr Denny: In their own right.

Senator DODSON: A fifty-fifty company in their own right—

Mr Denny: Yes. Most of those contracts—

Senator DODSON: are providing CDP to six regions?

Mr Denny: Yes. They've been a longstanding—

Senator DODSON: And they're still in the mix.

Mr Denny: Correct. They're still in the mix.

Senator DODSON: I thought the minister said this was going to Aboriginal organisations.

Mr Denny: They are an Indigenous—

Senator DODSON: They're a fifty-fifty mix.

Senator Scullion: That is the minimum joint venture that is considered—

Senator DODSON: So it's not totally Aboriginal controlled?

Senator Scullion: Not 100 per cent Aboriginal organisations, no. As I've indicated, I'll provide those statutes. There's a minimum joint venture of 50 per cent. That's the maximum dilution you can have for an Aboriginal or Torres Strait organisation.

Senator McALLISTER: Who's the chairman of RISE Ventures?

Mr Denny: Warren Mundine.

Senator McALLISTER: Do you think that having Warren Mundine as the chair of an organisation bidding in this round for CDP provider contracts presents any sort of conflict of interest, Minister?

Senator Scullion: I understand that those were the circumstances before anybody had any knowledge of the intention of Mr Mundine. I was just trying to see if somebody had orally provided it to me or we actually have a letter to the effect. I asked the question. So I understand—
Senator McALLISTER: You asked which question?

Senator Scullion: I asked the question: 'If Mr Mundine has something to do with RISE, what's happening? If he's standing, that is going to be difficult.'

Senator McALLISTER: You asked that question just now?

Senator Scullion: No.

Senator McALLISTER: You asked it some time ago?

Senator Scullion: I've asked that. I understand vaguely, that's why I asked if I have any correspondence. I just can't recall. I was told that he would be resigning from that position before the ballots fall or something—whatever the proper technical term is in terms of being put forward for preselection. That's why I asked the question of whether or not I had something formal or just had it informally from the department.

Senator McALLISTER: So your assertion is that he resigned—

Senator Scullion: That's just my understanding.

Senator McALLISTER: This is quite important—

Senator Scullion: I know.

Senator McALLISTER: I'm trying to understand whether a conflict of interest arises in the view of the department and in the view of the minister, and whether that conflict has been appropriately managed. Your advice is that you've been told earlier—when did you first make inquiries about this question? Perhaps we can step through that.

Senator Scullion: I first made inquiries when I read in the paper that Mr Mundine was standing for Gilmore. In any event, that's when I found out about it. I knew nothing else about it. I haven't had any correspondence or discussions with Mr Mundine about any of that. I just simply asked my department, 'Obvious question: what's happening with RISE?' because all of that had taken place because the notion of Mr Mundine standing for preselection or being the preselected candidate had happened well after those matters had taken place. As you've indicated, it was December. I made the decisions in December last year. That was all before the event. My question was just a question to the department. I'm just checking to see if we've had any official correspondence on that matter. I'll let you know as soon as I can find out.

Senator McALLISTER: Okay. You read about this fact in January—this was announced on 21 January—

Senator Scullion: I'll just clarify. I just got a note from my office. Whether it came to the department or my office, I can check, but, 'Mr Mundine has verbally indicated his intention to resign.' I'm assuming that's from the board of RISE. 'He is working through those processes.' I also understand he was not a member of the Liberal Party during the contract process. I was unaware of all those processes in any event.

Senator McALLISTER: All right.

Senator Scullion: Sorry. Your question was, sorry, Senator?

Senator McALLISTER: I just want to get clarity around how this all unfolded. So you were making decisions in December, and your evidence here is that you were unaware that Mr Mundine was contemplating running for Gilmore and he was not a member of the Liberal Party at that time?
Senator Scullion: Correct. I only found out on the day.

Senator McALLISTER: On the day, which I think was 22 January. There were rumours on 21 January that he may be installed, and then on 22 January it's confirmed. On that same day, you asked the department what impact that would have?

Senator Scullion: It would have been on that day. I asked my office. I said, 'What impact would that have?' and they went off to find out. I understood verbally—it would have been after that point; I really can't recall. In fact, I've really only got the clarification of the answer now—that he indicated verbally that he would be resigning from that and be working through those processes. The date on which I received that information is probably today, but officially it may have been earlier. I'll check on that, Senator.

Senator DODSON: What's the value of verbal advice?

Senator Scullion: When I say to someone, 'Hey, mate, what's going on'—

Senator DODSON: You and I might have a different view, but you're the minister.

Senator Scullion: I checked to see if that advice was in writing, and we're still checking on that. He has verbally indicated that that's the case. I'm just sharing with you what I know, Senator.

Senator SIEWERT: Has he done it? Has he resigned?

Senator Scullion: I'm not sure. We'll just try to find the exact status now and I'll provide that to the committee as soon as it comes to hand.

Senator McALLISTER: Is the department in negotiations with RISE about finalising contractual arrangements?

Senator Scullion: Yes.

Senator McALLISTER: So the department is in negotiation with RISE. As far as we understand, the chairman of RISE remains Mr Mundine. There has been no public announcement of his resignation. Mr Mundine is a confirmed preselection candidate for the Liberal Party in Gilmore. What other steps, if any, has the department undertaken to manage conflicts of interest or perceptions of conflict of interest in relation to that negotiation?

Senator Scullion: The contract process, about the selection process and going through all that process—neither the department nor I nor anybody was aware until the determinations had already been made. Mr Mundine has indicated he is going to resign. The assumption is, of course, that two things can happen. If he is not replaced with someone that maintains the 50-50 partnership, then we are all in a bit of strife, in the sense that there won't be an eligible process. RISE would be ineligible.

Senator McALLISTER: I see. I suppose there are two questions, aren't there?

Senator Scullion: There are.

Senator McALLISTER: One is about the chairmanship and the other is about Mr Mundine's personal stake in the company, financially, which underpins its status as an eligible participant in the tender. Is that correct?

Senator Scullion: No, it's the basis of his ethnicity, not his financial stake—well, both of them come together. I understand your question, Senator. We're waiting on that answer. I don't know what assumptions have been made, but I'm assuming that Mr Mundine would
have those processes in hand. As I've indicated, I'd like to have an update before the committee breaks today. They're the matters we'll be looking at. If the basis of RISE does not meet the functionality of the test of Supply Nation, not mine—and I'll be running whatever new arrangements there are, given he will resign, through Supply Nation. If they meet the requirements of Supply Nation, then the RISE contract will remain. If they don't, then we'll have to have a look at what is necessary to ensure that another contractor takes their place. This was not a circumstance we could have anticipated.

Senator McALLISTER: Was the department aware of Mr Mundine's commitment to resign? Mr Griggs, did you know, before Senator Scullion told the room, that Mr Mundine has given a verbal undertaking to resign his position?

Mr Griggs: My understanding is that Mr Mundine has publicly stated that he will divest himself of all interests.

Senator McALLISTER: Yet the evidence you just provided from the department is that you are negotiating with RISE. How can that negotiation proceed when the status of this company is so fluid?

Mr Griggs: It's not going to be finalised until the issues that the minister has just outlined are resolved and we have a clear picture.

Senator McALLISTER: I see. But you are negotiating terms on which a contract might be agreed between the department and RISE. That's a fair statement of what's going on at the moment in terms of the departmental processes. Mr Denny just nodded his head.

Mr Griggs: I think that's a fair statement. I think it goes back to what was known at the time of the application process. There was no knowledge at the time of the application process, so the application is not conflicted.

Senator McALLISTER: Yes, but the procurement process is larger than the application process.

Mr Griggs: Absolutely.

Senator McALLISTER: You have selected preferred tenderers and now you are negotiating with them. The question I am asking and seeking to have answered—and the advice is veering off to answer questions I have not asked—is: what processes have been put in place to manage (a) the uncertainty and fluidity occasioned by Mr Mundine's public statements about his intention to divest himself of a role in this company and (b) the conflict of interest that potentially arises in having the department engaged in active negotiations with a company that is presently chaired by a Liberal candidate for election in the seat of Gilmore? I have not received an answer to either of those questions.

Senator Scullion: I think the future will look like this: if Mr Mundine does not divest his interests to a company or individual that can demonstrate the same bona fides to Supply Nation's certification, then RISE will not enjoy the contract. Any issues around whether he was a member of the Liberal Party or not—yes, you can make those points, but that is not an issue that's germane to my decision about picking someone for whom who we've laid down these parameters. That's my particular concern.

Senator McALLISTER: Let's deal with these two issues separately, then. Minister, are you involved in any way in the negotiations that Mr Denny referred to?
Senator Scullion: I'm only involved directly in a couple of the negotiations, neither of which involve RISE.

Senator McALLISTER: You are not involved in the RISE negotiations?

Senator Scullion: No.

Senator McALLISTER: This is now a question for the department, who is managing the RISE negotiation. Can we deal with the two concerns I have separately.

Senator Scullion: I did. For completeness, in December, as minister, I signed off on RISE being the appropriate tenderer. I've had no knowledge of it since then.

Senator McALLISTER: On the recommendation of the department?

Senator Scullion: Yes.

Senator McALLISTER: In relation to RISE now, they are a preferred tenderer but a contract has not been finalised and a negotiation is on foot. That is your earlier evidence, Mr Denny.

Mr Denny: Correct.

Senator McALLISTER: We have been canvassing the issues that a-RISE—sorry for the pun—about this company's eligibility to participate in the tender process as a consequence of its fluid status and the uncertainty around the chairmanship. The first issue is: how are you managing that process at a departmental level, given that the minister is not involved? What is the department doing about that particular uncertainty?

Ms Lewis: Can I clarify a few things. This is a grant process, so it's not a procurement in those terms. The place that we are at in the process at the moment is that people have been notified that they've been successful.

Senator McALLISTER: Organisations?

Ms Lewis: Organisations have been notified, as opposed to people—thank you. These are for funding agreements that start in July this year. From now we would need our regional managers, the people that are working with each provider, and we'll need to assure ourselves, before any steps to finalise the funding agreement are taken, that RISE is indeed an Indigenous organisation, as the minister has outlined.

Senator McALLISTER: Is there any point spending any time at all seeking to finalise that grant agreement until this question is resolved? Why would you not have put this negotiation about finalising the grant on hold until that question about eligibility is resolved?

Ms Lewis: I don't have an answer that I think will satisfy you. It is absolutely something we have to do.

Senator McALLISTER: What is absolutely something you have to do?

Ms Lewis: At the moment the criteria for the delivery of CDP are already agreed. All providers who have been advised that they're successful know what they are going to be required to deliver from July this year and how they will be paid for those services. It's not a negotiation in the sense that a provider will come back and say, 'Actually, PM&C, we only want to do this, not that.' There are set criteria that all providers are required to deliver. It is a bit different to an agreement where we're arguing, 'I'll give you a certain amount of money if you do these things,' and you come back and say, 'No, I want more money to do those things.'
That is not up for discussion. The key thing that is up for discussion is assuring ourselves, before any funding agreement is entered into, that RISE is an Indigenous organisation. If not, we put a recommendation to the minister.

**Senator DODSON:** I don't know whether you listened to any of the previous session, with the registrar for Aboriginal corporations. We talked about transparency and conflicts of interest. If you smell something that's not right in this process in relation to this venture then I suggest you should have another look at it.

**Senator Scullion:** There is one other element, as I indicated to Senator McAllister. I understand that RISE—the department may correct me—have fewer contracts than before, because they were unsuccessful in partnering.

**Mr Denny:** Sorry, that's under the current process.

**Senator SIEWERT:** How many have they been offered under the new process?

**Mr Denny:** I can get that for you, but that will come with the other information we provide.

**Senator Scullion:** Just so we have a clear understanding, if it's the case that RISE has partnered with an Indigenous organisation, the Indigeneity of RISE potentially wouldn't affect that partnership. Let's say RISE was then, because of the resignation of Mr Mundine, no longer an Indigenous organisation. It is not always the case that that would mean that they weren't still a fifty-fifty organisation if their partner were a 100 per cent Indigenous organisation. That is just for clarification. For completeness, the department might add that, in the most recent round, RISE no longer has the same footprint as it used to have. I understand that there are places where they used to have a contract that they no longer do.

**Senator McALLISTER:** Well, they won't do.

**Senator SIEWERT:** I appreciate what you've just said—well, I understand it—but one of the other fundamental things is that you are currently negotiating with a company whose chair is a Liberal Party candidate. It doesn't matter that the contract doesn't start until July; the fact is that you are currently negotiating it now with a company that's chaired by a Liberal Party candidate, who, we understand, has not resigned yet. Can't you see the transparency issues that Senator Dodson just pointed out?

**Mr Griggs:** Of course we can. We have been alive to this from the moment that—

**Senator SIEWERT:** But you are still negotiating with them.

**Mr Griggs:** We are not finalising the contract. If it proceeds, as Mr Mundine has stated that he is divesting his interest and the company remains eligible, then we will be in a position to continue the delivery of the service or to commence the service on the date, but we are not going to finalise—

**Senator SIEWERT:** Those processes will have been negotiated at a time when Mr Mundine is still the chair.

**Senator DODSON:** This is an each-way bet.

**Senator Scullion:** No, there is a period of time—

**Senator DODSON:** Why aren't you dealing with the next most successful tenderer rather than having an each-way bet on this company being successful or not?
Senator Scullion: We didn't know any of this until the date Senator McAllister indicated—late February.

Senator McALLISTER: It was not; it was 21 January.

Senator Scullion: My apologies—January. Up until that time, I don't think there is any mischief, because nobody knew, but at that time the process was well and truly locked in. We weren't anticipating that. At that time, we were waiting. Again, I haven't had any indications apart from what's been said by the assistant secretary—that there have been some public statements about his resignation. I don't know any more of that, but we are having a look now. Between that date and now, the assumption that Senator Siewert is rightly putting forward is, 'Have we had any negotiations with that organisation about this whilst he's still chair?' Perhaps it is useful to put that question. I'm not trying to be mischievous about it, but there are bits and pieces. I think it is an important question. I don't have the answer to that question, but perhaps the department can help.

Senator McALLISTER: Let's put that question. It becomes public on 21 January that Mr Mundine is standing for Liberal Party preselection. It throws into jeopardy, or at least into doubt, the eligibility of the organisation to receive the grant. What steps, if any, has the department taken to manage that issue since that time?

Ms Lewis: I'm not aware of any.

Mr Griggs: We have, because we're aware of the issue and we're managing the issue.

Senator McALLISTER: What does that mean, though? I'm looking for the concrete steps that you might have taken to deal with it.

Mr Griggs: The issue about conflict of interest, as you well know—

Senator McALLISTER: It is not about conflict of interest; I'm asking about eligibility. We can come back to conflict; I'd like to talk about that as well. It becomes apparent on the 21st that he is standing. At some subsequent point there is a section 44 conversation about Mr Mundine, and he makes a public indication that he will be stepping back from any organisation that receives government grants. I'm not sure what date that takes place, and no-one's been able to provide any evidence about how that information was communicated to the department, except that you found out about it through the public domain. That's right?

Ms Lewis: Yes.

Senator McALLISTER: Have you made any steps to contact Mr Mundine and ask him about these circumstances?

Ms Lewis: I have not, in respect of the CDP, no.

Senator McALLISTER: Has the department?

Mr Denny: No.

Senator McALLISTER: Has the department taken any steps to contact RISE and ask them to clarify their standing?

Ms Lewis: Not that I'm aware of.

Senator McALLISTER: Mr Griggs, when you say that the department is managing the situation, what exactly about this evidence is the bit where you're managing the situation?
Mr Griggs: The first thing is we're not taking any substantive decisions around this contract until the eligibility and the ownership issues are clear to us.

Senator McALLISTER: Has the negotiation been placed on hold?

Mr Griggs: I think Ms Lewis explained the types of issues that are being discussed. Again, it's the nature of those issues that I think are important when you look at conflict of interest.

Senator McALLISTER: I'm not talking about conflict of interest; I'm talking about eligibility.

Senator Scullion: It's quite clear no decision about the contract is going to be made until those matters are finalised. I know you haven't got that specifically and I know that's what you are looking for, but clearly that's not going to take place.

Senator McALLISTER: Why hasn't the department taken any steps to contact RISE or Mr Mundine about the continuing eligibility of the company to participate in the grants process?

Ms Lewis: I can't answer that.

Senator SIEWERT: Could I ask a basic question: have you spoken to RISE since that time? Have you been in communication with RISE?

Ms Lewis: I have not.

Senator SIEWERT: Has the department?

Ms Lewis: I don't know.

Mr Denny: The department has.

Senator SIEWERT: You have, but you haven't asked that fundamental question?

Mr Denny: Not that I'm aware of, no.

Senator SIEWERT: So you've had the opportunity to, because you've been in contact with them, but haven't asked—

Mr Denny: Correct.

Senator SIEWERT: or not that you're aware of.

Senator Scullion: They may have been relying on the statement that he is divesting himself of all matters.

Senator SIEWERT: You're still maintaining contact and pursuing the contract, without actually confirming whether that's the case, knowing that he's potentially still there and that there's an issue.

Senator Scullion: We indicated clearly that we'll take all matters on notice.

Senator McALLISTER: It seems as though Ms Bird is receiving some additional advice from one of the officials, and I wonder if that might assist the committee.

Mr Denny: No, it won't.

Senator SIEWERT: Sorry, Mr Denny, was that a no?

Senator DODSON: Sounds like it's consistent!

Senator McALLISTER: So no contact with RISE?
Senator SIEWERT: There's contact, but none about this.

Ms Lewis: Could I just clarify. I think Mr Denny said he has not made contact. We do not know, for example, if our regional managers have made contact, so I'm happy to take that on notice.

Senator SIEWERT: About that specific issue?

Ms Lewis: About that specific issue.

Senator DODSON: Can I just get it clear that these contracts are meant to be operational from July; is that right?

Mr Denny: That's right.

Ms Lewis: That's right.

Senator DODSON: You've got two months, potentially, before an election is called. You're going to spend another two months waiting until Mr Mundine physically signs a document that divests his interests in this company, or he doesn't. What's going to happen to the region where this company is meant to be delivering the service on 1 July, if you don't have a company because of the uncertainties as to when and how—and at what point—this company may be a company capable of delivering the service?

Senator Scullion: We're assuming that—and it's an assumption, because I obviously don't know a great deal about the detail, as I've indicated—when he indicated publicly he would be withdrawing, it would be after the election; he would be withdrawing now.

Senator McALLISTER: That's an assumption that has not been confirmed by the evidence of your own department, which has not been in contact with—

Senator Scullion: I've asked my office to speak to the department and find out exactly where that is up to. Who they have to check with, whether it's Supply Nation or how they're incorporated—we're checking that now.

Senator DODSON: It will be the secretary of the Liberal Party, I assume.

Senator Scullion: Let's assume that that hasn't happened now—say again?

Senator DODSON: It will be the secretary of the Liberal Party.

Senator Scullion: No, mate, that's not the registration we are talking about.

Senator DODSON: Whoever it is, you'll have to check against section 44.

Senator Scullion: I'm just talking about whether he has resigned from that business. That's what I'm talking about.

Senator McALLISTER: Mr Griggs?

Mr Griggs: We will ask today.

Senator McALLISTER: Great. I do have an important question for you, though. You've indicated that you don't believe there is a relevant conflict of interest.

Mr Griggs: I didn't say that.

Senator McALLISTER: Okay. Is there a relevant conflict of interest in having Mr Mundine's company engaged in active negotiations, given his announcements about his political intentions?
Mr Griggs: I think there is an absolute perception of conflict of interest. Whether it's a real conflict of interest is another matter.

Senator McALLISTER: Can I put this to you: in terms of perception, some people would look at the evidence this morning about a business that has remained actively involved in a negotiation, where a decision about finalising the grant is being deferred pending the resignation of Mr Mundine and the resolution of the arrangements of his business, and say that any other business would not be offered the same latitude. Some people would say, in the face of that kind of uncertainty, that any other business would be advised that the negotiations about their grant agreement were, at a minimum, to be suspended until such time as the circumstances of their business's eligibility to participate were resolved. I think that is what other businesses who might participate in a process like this would say; and I think they would say that, in light of the fact that the person in question is a senior Liberal Party operative, as of January, there is a problem. I am concerned about it. How is the department managing this perception of conflict of interest?

Senator Scullion: To further that problem, without being more difficult, it's not that RISE is there as a standalone organisation. They are a standalone organisation in partnership with local Indigenous organisations, so it's not just simply a matter of setting all this aside. We had finalised the successful tenders. That had been finalised before this process started. Yes, you are right, it's difficult. But it's not as if it's a standalone. They are in partnerships, which complicates the matter even further.

Senator McALLISTER: But the service delivery outcome is the thing that ought to complicate it more again, because, as Senator Siewert and Senator Dodson pointed out, the purpose of this whole exercise is to provide services for Indigenous people in remote areas, some of Australia's most vulnerable people—

Senator Scullion: Indeed.

Senator McALLISTER: But the department's advice so far is that it has done nothing for about a month to resolve uncertainty in finalising grant agreements for services that need to be on the ground and ready to be delivered in the middle of the year. I do not understand why nothing has been done, why no contact has been made, why no effort to resolve this question has occurred. Are you satisfied with that outcome, Mr Griggs?

Mr Griggs: No, I'm not.

Senator McALLISTER: Right.

Senator SIEWERT: I've got some other CDP questions, but do we now have the number of regions that they've been accepted for?

Mr Denny: I need to double-check the numbers. I can come back to you. I don't have them right now.

Senator SIEWERT: We are after RISE's but also the total number of organisations that have been offered contracts.

Senator DODSON: What were the six that they previously held?

Mr Denny: The six regions now.

Senator SIEWERT: Yes. They hold them until July

Senator DODSON: That's even worse. They currently hold six.
Senator SIEWERT: Exactly. So this organisation is actually delivering CDP now.

Senator DODSON: What are the six?

Mr Denny: I can tell you the six current regions. These were mostly contracted in 2013, so they've been in these regions for a long time. They are region 31, which is in Katherine; region 35, which is Darwin Daly; region 37, which is West Arnhem; region 51, Wellesley Islands—

Senator SIEWERT: Which one, sorry?

Mr Denny: Wellesley Islands; 52, in Western Tablelands in Queensland; and 55, Kowanyama/Pormpuraaw; and then in a joint venture with Ngurratjuta, in region 21, which is South West Alice.

Senator SIEWERT: Can I ask some other questions? Are you okay if we move on, on CDP, or have you got some more here?

Senator McALLISTER: I do have some other questions I wouldn't mind asking, and they're fairly directly relevant to what we've just been canvassing.

Senator SIEWERT: Okay. Mine are a little bit further on, on CDP.

Senator McALLISTER: While we are speaking about Mr Mundine, I want to ask about reports that the government awarded a Commonwealth grant to Mr Mundine's business, Nyungga Black group, through a closed, non-competitive selection process. Mr Mundine was a member of the Indigenous Advisory Council—is that correct?

Mr Griggs: That's correct.

Senator McALLISTER: Could you just talk me through the time line of his membership of that organisation and roles?

Mr Griggs: I can. He was chair of the committee of the council from 25 September 2013 until 31 January 2017.

Senator McALLISTER: Were there any policies around awarding grants to members of the Indigenous Advisory Council?

Mr Griggs: I'm not aware of policies—there is conflict-of-interest policy for the council members, and it's actively managed in council meetings; I've been to three now and I've seen evidence of that. Mr Mundine made 16 interest declarations during the time that he was chair. So I think there is a pattern of regular declarations by Mr Mundine during that period.

Senator McALLISTER: Did other members of the Indigenous Advisory Council receive grants?

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

Senator McALLISTER: Are there any policies around awarding grants to former members of the Indigenous Advisory Council? Is there any kind of cooling-off period? Are there any issues around conflict of interest for someone who's no longer a member, but nonetheless previously was, and subsequently received a grant?

Mr Griggs: I don't believe so, but I'll check and get back to you.

Senator McALLISTER: This grant was awarded on 11 May last year—is that correct?

Mr Griggs: There were two to Nyungga Black.
Senator McALLISTER: Can you tell me what those were?

Mr Griggs: There was a grant for $300,000, which was to provide advice on remote economic development and represent international Indigenous economic development matters, and also for the first season of the Mundoine Means Business program on Sky to promote Indigenous business—

Senator McALLISTER: And that was all part of the $300,000?

Mr Griggs: That was all part of the $300,000. Then there was a second one for $200,000, and that was for the second season of Mundoine Means Business, and my understanding is that that grant was for about 15 per cent of the production costs; it was not a fully Commonwealth funded activity. But obviously there was a Commonwealth contribution.

Senator McALLISTER: Can we please just get some of the process things sorted out about this? As to the $300,000 grant, which went to advice on remote economic development and Mundoine Means Business, what date was that awarded?

Ms Sharp: I'm just pulling up the exact date, but the contract itself ran from 4 July 2017 to 31 October 2017.

Senator McALLISTER: So it was 4 July 2017 to—

Ms Sharp: 31 October 2017.

Senator McALLISTER: Do you not have the decision point about when a decision was made to award it?

Ms Lewis: 9 June.

Senator McALLISTER: In 2017?

Ms Lewis: Yes.

Senator McALLISTER: The decision-maker in this case is the minister on the recommendation of the council? Is that the process?

Ms Sharp: The minister approves the funding and the department undertook a negotiation of the commercial terms for that engagement, and the decision-maker on the contract was a departmental official under the terms of the contract.

Senator McALLISTER: Was there a recommendation provided by the Indigenous Advisory Council as part of the department's evaluation process?

Ms Sharp: No. The contract actually fed into the work that we were doing to develop the Indigenous Business Sector Strategy. It was feeding into a stream of work that was different.

Mr Griggs: So it wasn't the IAC business.

Ms Sharp: No, it wasn't related to the IAC.

Senator McALLISTER: Thank you. That's helpful, Mr Griggs. Was it an open tender or a closed tender?

Ms Sharp: It was a direct approach.

Senator McALLISTER: It was a direct approach to Mr Mundine?

Ms Sharp: Correct.

Senator McALLISTER: Who made the decision to establish the tender in that way?
Ms Sharp: The department advised the minister that Mr Mundine should be selected on the basis of his high profile and his extensive business connections within the Indigenous business sector, because of the nature of the work we needed done, which was to have a strong Indigenous business leader represent us internationally. We were kicking off a study as part of the OECD into remote economic development, and we didn't have in house, in the department, someone who could perform the function that Mr Mundine did.

Senator McALLISTER: I see. Is there any documentation about the decision to approach Mr Mundine? Who actually made that decision? Was that the then secretary? Was it Dr Parkinson? Was it the associate secretary?

Ms Sharp: As in who signed off on the brief to the minister recommending that Mr Mundine be approached?

Senator McALLISTER: Yes.

Ms Sharp: That was the then first assistant secretary of Community and Economic Development Division.

Senator McALLISTER: Was that Mr Taylor?

Ms Sharp: No. That would have been Ms Williams in that period of time.

Senator McALLISTER: So Ms Williams provides a brief to the minister prior to 9 June. The minister signs off on it. When did the minister give approval for that?

Ms Sharp: That was 9 June.

Senator McALLISTER: The minister approves it on 9 June and the department initiates a discussion with Mr Mundine and is in a position to issue a contract by 4 July.

Ms Sharp: Correct.

Senator McALLISTER: Is there an AusTender number for that contract?

Ms Sharp: Yes. I don't have that in my notes, but I can provide it to you on notice.

Senator McALLISTER: Yes, please. Can I have a copy of the brief that was provided to the minister recommending the approach?

Ms Lewis: We'll take that on notice.

Senator McALLISTER: The contract goes to two very different kinds of services: one starting a television program and the other providing advice on economic development. What proportion of the $300,000 went to the television program?

Ms Sharp: $100,000

Senator McALLISTER: $100,000. And that was paid directly to Mr Mundine?

Ms Sharp: Yes. It was conditional on him providing evidence that he had the other co-contributions. So it was delivered with Sky News. When he provided evidence of the Sky News contract, that money was paid.

Senator McALLISTER: Can I go then to the $200,000 that was provided for the second season. Incidentally, in terms of the cost associated with the co-funding arrangements, do you have an understanding of what the value of the Sky contribution was?

Ms Sharp: I don't for season 1. I could find out.
Senator McALLISTER: Okay. It would be good if you could. We are close to the lunch break. Perhaps you can tell us after lunch; that would be helpful. The second contract is $200,000 for a second season of Mundine Means Business, and you indicated earlier that was 15 per cent of the production costs at that time.

Ms Sharp: Yes, Mr Griggs did indicate that.

Senator McALLISTER: Mr Griggs indicated that. That was also a direct approach?

Ms Sharp: Yes.

Senator McALLISTER: Can you step me through the time line for decision-making on that?

Ms Sharp: Mr Mundine's company, Nyungga Black, was granted $200,000 on 18 June 2018 to produce season 2 of Mundine Means Business.

Senator McALLISTER: So that's the grant. What about the process to establish such a grant? Is it a grant or a contract? I'm confused.

Ms Sharp: That's a good question. The first one was a contract.

Senator McALLISTER: I see.

Ms Sharp: The second one was a grant. The reason for the difference is that, in the first case, as you pointed out, $100,000 of the $300,000 value was going as a contribution to the television show, and $200,000 was consultancy fees. So advice from our procurement area at the time was that we didn't need to do two separate agreements; because the balance of the funds was more consultancy, we should treat it as a procurement. In the second series there was no consultancy aspect, so it was a pure grant.

Senator McALLISTER: Is there a grant stream? What is the program under which the grant was provided?

Ms Sharp: Jobs, Land and Economy.

Senator McALLISTER: So it's an IAS grant.

Ms Sharp: Yes.

Senator McALLISTER: Who came up with the idea of Mundine Means Business? I assume the department didn't think: 'It would be great if Warren Mundine had a television show. Why don't we approach him and see if he would be interested? Maybe Mr Murdoch will chip in as well.' Was that the department's idea?

Ms Sharp: A very strong part of our Indigenous business policy is the importance of celebrating Indigenous success. That is written into the Indigenous Business Sector Strategy. The exact mechanism of how we're going to do it—as in produce Mundine Means Business—no, that was not written in. Mr Mundine approached the minister first, I think, and then the idea was put to us for consideration.

Senator McALLISTER: I see. Minister, Mr Mundine approached you, in fact? So the genesis of this was a conversation between you and Mr Mundine? Is that correct?

Senator Scullion: No.

Senator McALLISTER: I just asked Ms Sharp who came up with the idea that it would be nice for Mr Mundine to have a television show. She talked about the importance of valuing
and celebrating Indigenous success and she said that the genesis for the television show was a conversation with you, Minister, and that you then approached the department. Is that correct?

**Senator Scullion:** It is a fair time ago, but my recollection is that, as part of our business strategy to try to meet some of the demand that had been created by the IPP, there were a number of suggestions about how we talk about Indigenous business, how much there was of it and where to get hold of it. This was a part of that strategy. I certainly didn't come up with the idea of a TV show, I can tell you that. I can't recall exactly the genesis of that. It certainly wasn't me or my office. I am reminded that I signed the brief on that, and that's fine. But, certainly, to my recollection—and I would have a clear recollection if it was—the idea that this was generated by me is not correct.

**Senator McALLISTER:** We have a bit of a problem, don't we? Because Ms Sharp, who is a public servant, has just told this committee that the genesis of the idea was a conversation between you and Mr Mundine.

**Ms Sharp:** No, I didn't say a conversation. They were your words, Senator. Mr Mundine put the idea in writing, as an idea that was provided to the minister's office, and the minister's office asked us to consider it. I have no idea if the minister discussed it personally with Mr Mundine.

**Senator McALLISTER:** Can you clarify your version of those events, Minister?

**Senator Scullion:** I think it has just been clarified. There was a letter from Mr—

**Senator McALLISTER:** Were you aware of the letter?

**Ms Sharp:** I don't think it was as formal as a letter.

**Senator Scullion:** Okay. Well, there was an approach.

**Senator McALLISTER:** A written approach? Was it an email?

**Ms Sharp:** I think the way I received it was a Word document in an email from the minister's office.

**Senator McALLISTER:** I see. Minister, were you aware of it?

**Senator Scullion:** I can't recall whether it was a Word document or an email. I recall there being a discussion. I can't recall there being a discussion with Mr Mundine. I can recall there being some discussions with the department about this as part of the broader business strategy.

**Senator McALLISTER:** But the department's advice is that the genesis of this is an email from a member of your staff, with a Word document attached, suggesting a television program?

**Senator Scullion:** Well, if that's the evidence they give, then that's probably the case. I'm just saying my knowledge of that—I have nothing I can add. I can't recall that. You must remember, Senator, I wasn't aware of the startling evidence that Mr Mundine, the ex-President of the Labor Party, would suddenly six months later say, 'By the way, I'm standing for the Liberal Party.' I know we are very focused on this now but I can assure you—my memory on this is slight—I'm not trying to avoid any of this. It's just that none of this was on my mind at the time. He was just a successful businessperson who is an Aboriginal person who is dealing with the government as any other Aboriginal business would. I know there is a focus on that now because of these matters, and that's quite appropriate.
Senator McALLISTER: Has any other Indigenous person been offered the opportunity to receive government funding to have a television program?

Senator Scullion: I suspect not. But there may be. Look, there are, but for a different matter. There's a lot of stuff that we do. Without being glib—I know it's not germane to this—we have a whole range of communication exercises through our RIBS program and our radio network that espouse issues around going to school and there are some health issues that we make sure there is content on for all those radio and TV programs. There's NITV; there are a whole range of those, but nothing of the nature you're suggesting, no.

Senator McALLISTER: You can see the problem, though, can't you? What has actually taken place is that a person who was known to be very close to the Prime Minister, who is sitting on the Prime Minister's Indigenous Advisory Council, receives a direct grant which no other person was able to apply for to develop a television program to raise his profile, and then that person nominates as a candidate for the Liberal Party. Can you see why people might find that just a little bit unacceptable in terms of use of public money?

Senator Scullion: No, I can't at all. If you're making a point about him being on the Indigenous Advisory Council, it's not because he was close to the Prime Minister. It is because he is a high-profile, very articulate, very smart Aboriginal man providing leadership in this area. I don't think anyone would deny that. But the fact that he is now of great interest because as a member of the Liberal Party—

Senator McALLISTER: However, there are other high-profile, highly intelligent, highly successful Indigenous people, and none of those people have been given a very large sum of money to develop their profile on television.

Senator Scullion: The reason we're dealing with this issue is that he has now put his hand up as a member of the Liberal Party—

Senator McALLISTER: As a consequence of using government money.

Senator Scullion: but I had no idea; no-one would have put money on that ever happening.

CHAIR: I think, Senator McAllister, you can be fair in acknowledging Mr Mundine's high profile hasn't arisen in the last 12 months or even the last two years. He has been a high-profile person for many years.

Senator McALLISTER: What is your role here exactly, Chair? I am asking questions.

CHAIR: I am a member of this committee, like you are, Senator McAllister, and I'm just pointing out what I think is a fair point.

Senator McALLISTER: It is an inappropriate way to use the chair.

Senator Scullion: I don't agree with the way you characterise that. Do you think a reasonable person would see this as some sort of conspiracy? A reasonable person at the time of these negotiations would say: who else would there be? Somebody has had an unsolicited prospectus, and we get a number of those under the IAS, and we deal with those properly on every occasion. This was something that was obviously a great benefit as part of the Indigenous business sector strategy, and that's why we invested in it. It was very successful and it did exactly what we thought it would do. Frankly, I don't think we would be discussing this had he not stuck his hand up for the Liberal Party.
Senator McALLISTER: But he did and we need to deal the facts as they present. The facts are these: this person approached you and said, 'I would like to have a television program'. You referred that idea to the department, and the department in very short order made available $100,000 for a person to develop a television program that they themselves would star in, and then that person went on to nominate as a candidate for preselection and election.

Senator Scullion: Almost a year later.

Senator McALLISTER: I think the use of public resources in this way is totally unacceptable.

Senator Scullion: You may, Senator, as long as you're not suggesting the department or me at the time of the decision somehow might have known about that or had any possible insight that the previous President of the Labor Party—remember—would somehow end up on our side of politics or standing. I think that would be incredible to anyone who was listening or for any reasonable person to consider.

Senator Scullion: Whatever speculation you make about other matters, that's fine, Senator. But we had no knowledge nor could we be expected to have any knowledge of what would happen almost a year later.

Senator McALLISTER: We have spent all week talking about cosy relationships between business and the senior ranks of the Liberal Party, and this is just more. It is unbelievable. I have no further questions.

Senator DODSON: I have a couple of questions.

CHAIR: I think we were going to go to Senator Siewert with some CDP policy questions.

Senator SIEWERT: Okay. I'll leave enough time.

Senator DODSON: Was an evaluation made of the effectiveness of this blockbuster performance by Mr Mundine on Sky?

Senator Scullion: I understand that we looked at a number of things, like how many people this went out to and what sorts of people would listen to this. It was targeted at businesses. It was targeted at people who would be interested. That's why it was called Mundine Means Business.

Senator DODSON: Were you able to measure that? Were you able to say, 'Well, as a consequence of the performance tonight, there are 10 new businesses'?

Senator Scullion: I don't think the connection would be that—

Senator DODSON: Did you have a measuring matrix of any kind?

Ms Sharp: No.

Senator DODSON: So this is just on whether you felt good that your policy was getting promulgated out there by someone who was very much on the side of what the government's position was?

Senator Scullion: It was actually promulgating the benefit of doing business with an Aboriginal business—

Senator DODSON: I understand that, but I'm trying to get at whether there was an assessment, because then there's a further grant, isn't there? There's a grant then.
Ms Sharp: Yes.

Senator DODSON: There's a further grant—what is it, the $200,000?—and you've based it on something. You've said this is successful. There's no objective analysis of the success here, and then there's another grant of $220,000. Who gets away with that these days?

Senator Scullion: Well, can we say that those funds were some 15 per cent of the production costs, so it was a contribution to production costs.

Senator DODSON: Yes, but it's still a grant in support of an initiative that you've made no analysis of.

Senator Scullion: Yes, of a very successful program. And you can say, did we evaluate and did we do those sorts of things later—

Senator McALLISTER: How do you know it's successful?

Senator DODSON: How did you measure the success?

Senator Scullion: It is a difficult question to answer, but we made that decision.

Senator DODSON: I don't think I watched any of the program, so it didn't have any impact on me.

CHAIR: Oh, you missed out, Senator Dodson—a very high quality program!

Senator McALLISTER: Perhaps I could ask the department to take this on notice. I don't expect that you'll be able to provide it now, but what is the total amount of funds that Mr Mundine and his company have received from this government in grants, either in his personal capacity or through companies of which he is a director?

Mr Griggs: Companies of which he is a director and in his personal capacity—the IAC salary piece, and—

Senator Scullion: I don't think that would be necessary. The IAC chairs all of them the same amount.

Mr Griggs: The Remuneration Tribunal—but we can—

Senator McALLISTER: I don't expect you to know now, Mr Griggs. You can take it on notice.

Mr Griggs: We can do that.

Senator McALLISTER: I'll read it again. What is the total amount of funds Mr Mundine has received from this government in either his personal capacity or through companies of which he is a director?

Senator SIEWERT: In terms of CDP providers' employees—employment consultants; I'll use that terminology—have you looked at the churn rate for those who are providing support to Aboriginal jobseekers?

Mr Denny: No.

Senator SIEWERT: Have you looked at the churn in the broader jobactive program, another employment program, in terms of the churn of employment consultants there?

Mr Denny: You're talking about staff who are employed by service providers?

Senator SIEWERT: The front-line workers working with jobseekers or unemployed people.
Mr Denny: The department of jobs may have, in jobactive, but—

Senator SIEWERT: I know what the answer is, in terms of what the churn is. I'm asking whether you know.

Mr Denny: No.

Senator SIEWERT: It's around 42 per cent. Not all of them have that 42 per cent, but there's a very significant turnover in employment consultants in all but one of the providers I've spoken to who appeared before the jobactive inquiry. That's why I'm interested in knowing: do you know what the churn is of CDP providers in Aboriginal communities? Personal communication to me indicates that it's quite high, but I want to know whether anyone's measured it.

Ms Lewis: We don't have that data.

Mr Denny: We haven't.

Senator Scullion: I agree how useful that might be, and I think it might be useful to write to the providers, irrespective of the turnover, and ask that question. Maybe over the last couple of years would be useful.

Senator SIEWERT: Was it not included in any of the assessments you were doing, in terms of your grant applications?

Mr Denny: No.

Senator SIEWERT: In terms of the targeted compliance framework, are you aware of the evidence we received in the jobactive inquiry of its impact on jobseekers but also of the impact it's had on employment consultants, front-facing staff? Is anybody aware of that evidence or have they talked to anybody about that?

Ms Lewis: I haven't.

Senator Scullion: This isn't the jobactive inquiry, Senator.

Ms Bird: I'm broadly aware of it but haven't had specific discussions with the Department of Jobs and Small Business—

Senator Scullion: You can share it with us, Senator.

Senator SIEWERT: What is your awareness of that?

Ms Bird: I am broadly aware that there was an inquiry and it looked at jobactive and the delivery of jobactive. I haven't read the specific outcomes, so I can't comment.

Senator SIEWERT: So you're not aware of the evidence that we received from, I think it's fair to say, providers across the board, that they think there's been an added impact on the churn of employment consultants because of the targeted compliance framework. Has anybody looked at that?

Ms Lewis: No.

Senator Scullion: I hope there is no criticism in that. If there was an inquiry on CDP they'd know all about it, but this is for another department to deal with. Usually, we would keep a bit of an eye on things but we wouldn't have a great deal of detail about those inquiries.

Ms Bird: There are other areas of the department that deal with—
Senator SIEWERT: The relevance here is that you want to introduce the targeted compliance framework to the operation of the CDP. The evidence the jobactive inquiry has received is that it's added to the increase in the churn of employment consultants. We had evidence from providers that it has escalated the number of Aboriginal people who have coped either a suspension or a penalty—the process divides suspension and penalties; I call them all penalties, because a suspension still impacts on the jobseeker. That's why I'm asking—because you are currently pursuing changes to try to apply the TCF, when the evidence is suggesting it's starting to have a significant impact. One of those is that, because consultants are now the people who apply the penalties, it has broken down trust between the jobseeker and the employment consultant. Have you looked at that? If you have, can I have your opinion; and, if you haven't, why not?

Senator Scullion: I cannot provide an opinion, but I can certainly say that, in jobactive or, in fact, in any element of life where there is a compliance framework from government, in that direct relationship between the person providing the compliance framework and the client, tension is going to be a function of that compliance. You're right. With the greatest of respect, perhaps in your world—you don't support any compliance or, broadly, a compliance framework—there'd be no tension because there'd be no obligations, and there'd be no point in having anyone in compliance. In fact, they wouldn't be happy; they'd be somewhere else. There'd be no compliance. There'd be no requirement.

So I acknowledge your questions—and, wherever we have a compliance with Aboriginal people, particularly, because of their relationship with the community, there's going to be more tension if they provide that, and it makes it a tougher job. We acknowledge that. In any area of compliance, that's going to be the case. We've had exactly the same, in compliance, with trying to keep police officers in Aboriginal communities, and in compliance in the broader community. I acknowledge the comments you make—the higher the level of compliance, the more difficult it is, and all of those sorts of things. But I think it's very difficult to ask the officers for opinions on this matter. Yes, perhaps, they should have a broad understanding of what is happening in that other inquiry, but I think it's very difficult for them to provide an answer.

Senator SIEWERT: Minister, I asked if they had looked—or have you looked?—at the evidence we had received from an employment program that is already applying the TCF. I don't think that's an unfair question. I didn't ask for their opinion. I asked if they had looked at it, and, if not, why not.

Senator Scullion: I indicated to you already in my previous contribution that they wouldn't be expected to look at an inquiry into another department's area, notwithstanding that there are some similarities. There is a compliance framework there, but our compliance framework is a very different framework.

Senator SIEWERT: You're trying to apply the TCF. The changes you're trying to make to CDP will apply the TCF. So it is entirely valid to ask: have you looked at its application elsewhere, when you want to apply it to CDP?

Senator Scullion: I thought your question related to whether or not they had seen the evidence that was provided to your committee, rather than—
Senator SIEWERT: Around the TCF. I was very clear that it was around the TCF. I did ask about the TCF.

Senator Scullion: If my department's got anything else to offer, they can offer that.

Ms Bird: No, except to say that I'm aware of the statistics and so on that are coming through the TCF. I'm not across the specific details of it because it's not my program area. But there is a distinction between jobactive, ParentsNext and disability employment services, and CDP in terms of the program structures and the different parameters that apply. So they aren't necessarily directly relevant or directly comparable, in terms of the TCF application to those programs and how it might also apply to CDP, though informative.

Senator SIEWERT: So tell me what those parameters are in terms of the changes that you want to make to the application of the TCF, and why that leads to the discounting of any evidence that might be coming through from another employment program where the TCF is already operating, when you still have to apply the same TCF.

Ms Bird: I wouldn't say that we've discounted that evidence. What I was attempting to say was that the CDP settings are different from the settings of other programs. We're aware of the high rates of penalties, for example, under the current compliance framework as it applies to CDP, and certainly we're looking at the ways in which, from a number of different inputs that we've had from a number of different sources, we can try to reduce those penalties. Some of the things that are happening are a reduction in hours, adjusting the provider payment model and looking at greater flexibility in how hours can be done—the sorts of things that have been suggested to us through the ANAO report, the consultation process that was undertaken in 2017-18; the Senate inquiry that this committee was involved in; feedback from providers; and the analysis that Jobs Australia did with a range of stakeholders a couple of years ago. They are the current activities that we're attempting to undertake in order to help reduce penalties. Also, in the context of the application of the TCF, which removes the no show, no pay penalties—which in our current framework make up around 83 per cent of them—we would expect similar flow-through and a reduction of penalties in that way from our program settings, as opposed to necessarily from the jobactive program settings, which I can't comment on in detail.

Senator SIEWERT: I wanted to pursue two areas, but I'm very aware of time. One of the areas is the breakdown of trust that's occurring between the employment consultant—it's not the same terminology, but the person who's working with the jobseeker to help them find work and participate—and the jobseeker. There's very strong evidence of that breakdown in trust, and that's from providers. That's not just from a jobseeker perspective; we're hearing that from providers as well. The same thing will apply for CDP. The other area is that, while I understand that the parameters that you've just articulated have changed, one of the key things that have come up repeatedly through the CDP process is that those that are participating in the CDP, even though you've reduced the hours, still do it for a much longer period compared to Work for the Dole and things like that—not the Work for the Dole process, but compared to Work for the Dole outside that process. So there is still more potential there for demerit points and then penalties, using the terminology of the TCF, to apply.

Ms Bird: Yes. The program settings are different. The circumstances of remote Australia are also different. The CDP in its original design, I understand, was to meet the different circumstances of remote Australia. We also have, as you've noted, slightly different delivery...
arrangements and have been going through a process of ensuring that those arrangements are
delivered by local Indigenous organisations. We would expect that through some of the other
things that we're doing—community advisory boards and so on—the underlying trust and the
existing trust between providers and jobseekers will in some ways assist with the sort of issue
that you've raised just now.

CHAIR: We're right on time for our break. I'm sure we'll require the department back
after the break. Do you have any quick questions now, or are you happy to come back after
the break?

Senator SIEWERT: The department is going to come back after the break?
CHAIR: Absolutely.
Senator SIEWERT: Okay, we'll break at the normal time and I'll come back to this.
CHAIR: Indeed.
Mr Griggs: I just advise that the department has been in contact with Mr Mundine, and he
will be resigning from his position in RISE on Monday.
Senator DODSON: Because you are going to do some work for us during this break—
and I appreciate that—can you check whether there's a company called Real Futures in
Western Australia that has a CDP contract, whether Mr Mundine is a member of that board or
not, and what position he may or may not hold. That would be useful.
Ms Lewis: Yes, we'll come back to you.

Proceedings suspended from 12:31 to 13:32

CHAIR: The committee will now resume its examination of estimates for the Department
of the Prime Minister and Cabinet.

Senator SIEWERT: We were going to ask for the answers to earlier questions.
CHAIR: Mr Griggs, did you have anything to report?
Mr Griggs: I have an answer to Senator McAllister's question about AusTender numbers.
For the first contract—the $300,000 contract, exclusive of GST—the AusTender number was
CN3446475. The second contract does not have an AusTender number; it is a GrantConnect
number—because, as was explained, one was a contract and one was a grant. The grant
number is GA18057.
CHAIR: Thank you. Are there any other matters?
Mr Griggs: No, not at this time.
Senator SIEWERT: You still can't tell us how many organisations were successful in the
tender process?
Mr Denny: I can say that there are six CDP providers that will exit the program and then
there will be 12 new providers delivering CDP, and 33 continuing providers.

Senator DODSON: Minister, these matters may be more in your bailiwick; they're about
the Northern Land Council. I wrote to you on 20 December and 5 February expressing my
concerns over what was being perceived as a crisis in the Northern Land Council. I thank you
for your reply on 7 February. In order to understand what is going on, could you please
update us on the process that is taking place within the Northern Land Council.
Senator Scullion: Thank you, Senator, for your correspondence and for meeting with me in Perth to encourage some action on these matters. I can indicate that last night I wrote to the land council indicating that I was calling a full land council meeting because of significant governance issues within the Northern Land Council, with the removal of two CEOs in recent months, allegations of conflicts of interest amongst its executive council and claims of deficiencies in the organisation's internal audit. I've also called the meeting because I am very keen that all council members have access to the report of the investigation, which has now been completed, into the land council. That was conducted by their internal audit committee, and that audit committee has the capacity to have external people within it. As you'd know, it's very critical that big organisations like the Northern Land Council are held to the highest standards of accountability—it is a very, very important organisation. I provided that yesterday evening to the land council. I'm happy to take some questions.

As I've indicated to you, the genesis of this was a letter from the now former CEO of the land council, Mr Joe Morrison, indicating that there were some conflict of interest issues, where there is one organisation that owns buildings and the other organisation is the NLC. Both organisations are, in effect, the same people, so, when they're negotiating re-lease of premises and the prices of premises and what they're going to pay, clearly there is an evident or perceived conflict. There was that and a number of other matters. I asked on two occasions that the executive hold a full council meeting, and that didn't eventuate, and that's why I've taken this action. Of course, as no doubt you would have had as well, Senator Dodson, many of the members of the council and some members of the executive have been speaking to me over some time, and it's very sad to have seen the huge level of confidence people have in this particular land council move to somewhat disquieted levels of confidence. That's why I've taken that action, Senator.

Senator DODSON: I haven't seen your letter but I congratulate you on that. As you say, it is a great organisation and it has much to contribute and has contributed greatly. Has there been a date set for that particular council meeting?

Senator Scullion: Friday, 8 March, is my recollection—someone will correct me if I'm wrong.

Senator DODSON: You mentioned the report has been completed.

Senator Scullion: That's correct.

Senator DODSON: Is that available? Could we have a copy of that?

Senator Scullion: It's actually a report to the Northern Land Council. They provided me with the report, but the report is actually to the full council and I think it would be appropriate that the full council consider it before they release it. It's a report to the full council. That's why I'm asking that they, with some urgency, consider it as a full council.

Senator DODSON: That's fine. I accept the protocol. I thought it was a report to you.

Senator Scullion: No.

Senator SIEWERT: I would like to move to Closing the Gap. Professor Anderson, could you quickly give us an update of where we are and what processes you're now undertaking following the announcements out of COAG at the end of last year.
Prof. Anderson: On 12 December, COAG agreed to a formal partnership between the Commonwealth, state and territory governments, and Indigenous Australians through their representatives. COAG agreed that the arrangements for the formal partnership would be settled by the end of February 2019 and would include a ministerial council on closing the gap, with Aboriginal and Torres Strait Islander representation. The frame to this partnership was a national strategic role on Closing the Gap to settle the targets and the policy framework and a review of the national Indigenous reform agreement, and to play a role in monitoring and evaluation of Closing the Gap over the next 10 years.

We've been working with the coalition of Aboriginal and Torres Strait Islander peak bodies. They currently have a coalition of 41 organisations. Of those, 14 are national bodies and 27 are state and territory based groups. We've been meeting with the coalition and our jurisdictional colleagues. We've been in communication with the peak bodies over the Christmas period. We started formal conversations on 18 January and again on 31 January as PM&C. We participated in a joint meeting of the peaks' coalition representatives and senior state and territory officials in Adelaide on 7 February and by a telepresence on 20 February to resolve the issues and to give effect to settling the arrangements. We have had ongoing engagement with them at in-between times.

Senator SIEWERT: What's the deliverable by the end of February?

Prof. Anderson: COAG has asked us to settle the arrangements.

Senator SIEWERT: That's what the series of meetings you've just outlined are about?

Prof. Anderson: That's correct.

Senator SIEWERT: So that's to settle the arrangements for the co-design process. When you say 'arrangements'—

Prof. Anderson: It's to settle the arrangements for the partnership.

Senator SIEWERT: Are you able to articulate how progress is going on that partnership and what the parameters are for what the partnership is responsible for?

Prof. Anderson: The parameters were as I described earlier, including a joint ministerial council and including a scope around settling the targets of framework, monitoring and the review of the national Indigenous reform agreement. That's the scope. What we are now doing is working through the details of the scope, the principles and how the joint council—

Senator SIEWERT: You keep saying 'ministerial council', but it's a joint council?

Prof. Anderson: Yes, it's a joint council.

Senator SIEWERT: With the ministers and the—

Prof. Anderson: Aboriginal and Torres Strait Islander bodies.

Senator SIEWERT: Is there a list you can point me to of the 41 organisations?

Mr Griggs: We can table that.

Senator SIEWERT: If you could table that today, that would be great.

Mr Griggs: Yes.

Senator SIEWERT: Is the time line for all the deliverables you've just talked about—the targets and the reform process—part of what you're working up to by the end of next week?
Prof. Anderson: Initially it's to settle the partnership. Our colleagues have asked us to settle that first. The timeline that we have from COAG is to settle all the rest of the new targets and the new framework by July this year.

Senator SIEWERT: So all this work is going to be done by July 2019?

Mr Griggs: Remembering that we haven't wiped the slate clean from the work that was done in the lead-up to the refresh. We're not starting again.

Senator SIEWERT: I would be horrified if you had. I appreciate that there is a lot of concern about that.

Mr Griggs: There is still a fair bit of work to do, yes.

Senator SIEWERT: So there is an end date but the progress to get there is going to be worked out after the end of February?

Prof. Anderson: We would anticipate that, as soon as we can settle the arrangements, we will have the joint COAG council on closing the gap, as the ministerial council is now referred to, as soon as possible after that to then start working on the actual details of finalising the targets and so on.

Senator SIEWERT: In terms of funding support for the organisations and the groups participating in the new council, will there be an allocation of resources to support their participation and involvement?

Prof. Anderson: That's part of the arrangements we are settling. We have given an indication to the coalition of peaks that the Commonwealth will consider that.

Senator Scullion: We'd like to see, as with all things, a co-contribution. The states have to be at the table, and we'd like to see them also make a contribution. But we acknowledge that they will—

Senator SIEWERT: When you said 'co-contribution', it worried me a bit that you were expecting Aboriginal organisations to do that.

Prof. Anderson: I should say that we have also resourced the peaks to contribute in this current set of conversations.

Senator SIEWERT: You have?

Prof. Anderson: Yes.

Senator SIEWERT: Can you outline what that resourcing entails?

Mr Fox: We have allocated $50,000 to the peak organisations for this first stage.

Senator SIEWERT: For the 'to the end of February' first stage?

Mr Fox: Yes.

Senator SIEWERT: Part of the negotiations, as I understand from what you just said, Professor Anderson, is that that's part of the arrangements that will be finalised by the end of next week. I've got to ask you this, Minister: will there be announcements straight after that process in terms of outlining what the future process will be?

Senator Scullion: The change is subject to the arrangement we have with the peaks. They will advise us. We are doing this together. I can't say the government will be making those announcements. It will be a matter for all of us to decide when those are made.
Senator SIEWERT: I did say, 'Will there be an announcement?' I didn't say, 'Will the government be making an announcement?'

Senator Scullion: Sorry. That hasn't been decided.

Senator SIEWERT: Have there been any parameters put around what the new council is able to look at in terms of targets?

Prof. Anderson: The only parameters are, as I described, around what it is we are doing. In good faith, there is a sense that we will start with the targets that were tabled as draft targets. There have been no parameters other than that.

Senator SIEWERT: Thank you.

Senator DODSON: I'm interested in following up what Mr Griggs said—that you haven't wiped the slate clean from the work the consultants have done. How many consultants were engaged by the department or its agencies to assist this process?

Mr Griggs: I think we can go through the details of the consultation that took place. We've got that information.

Mr Fox: I think we provided a list of the consultancies on notice at the last estimates.

Senator DODSON: If you provided them, that's fine.

Mr Fox: There have been no further consultancies since that list was provided.

Senator DODSON: Did you provide the total cost of those consultancies at the last estimates?

Mr Fox: We did.

Senator DODSON: That was broken down per—

Mr Fox: By consultant.

Senator DODSON: Can you refresh my memory: what was the total amount?

Mr Fox: Did you want the aggregate or—

Senator DODSON: Yes, just give me the aggregate.

Mr Fox: The total dollar expenditure for external contracts was just over $1 million—$1,148,468.

Senator DODSON: Were the outputs from those consultancies made publicly available?

Mr Fox: In some cases, yes. Some of those were consultants engaged to facilitate meetings. They delivered a service to us; it comprised a range of things. There was work undertaken to facilitate and engage with a number of peak bodies, for example, and with a number of participants in technical workshops, to produce the draft targets. KPMG did some work for us on that. I don't think that we have publicly released the findings on that, although we have shared the draft report that KPMG had done with participants in those various workshops.

Senator DODSON: Is the department satisfied that it's got value for money from the consultants?

Mr Fox: On the whole, yes.

Senator DODSON: My next question is: why is it that the peaks have got to get involved? Why do the peak Aboriginal organisations have to get involved to become participants in the
COAG process? You're now in the process of negotiation with the peaks about some of the arrangements. Why do the peaks need to be involved? I can understand why they'd want to be involved. But, if you'd spent this amount of money to get a set of clear targets for the refresh—at the cost of $1.4 million or whatever it is—and they weren't forthcoming, then we'd have the peak Aboriginal organisations getting involved in order to bring this to some kind of fruition or, now, to set up another process which is seeking to identify the targets and the scope, and develop, it seems, a useful mechanism by a joint ministerial council. I'm just interested as to why the peaks had to get involved in this process.

Mr Griggs: Because we're trying to do things differently. We are actually trying to work in partnership. We have the drafts that we developed—

Senator DODSON: When did that revelation take place?

Mr Griggs: That really started to unfold from the special gathering in February of last year.

Senator Scullion: Although it's a mantra, I suppose, we are doing things with Aboriginal people, not to them. Every element of our effort and my effort in my department is to ensure that Aboriginal and Torres Strait Islander people are at the centre of the deliberations—not with us but at the centre. I think this is emblematic of that approach. Perhaps Senator Anderson has more he can add on the consultancy process.

Prof. Anderson: I don't think I'm quite a senator!

Senator DODSON: You don't have a vested interest, do you, Professor Anderson!

Prof. Anderson: There has been an ongoing conversation with peak organisations since we started the process in May last year. A number of peaks came to the special gathering. We had a peaks roundtable at the end of March; I will provide you with the dates. We had peaks involved in the target-setting process through the technical workshops and subsequently had another peaks roundtable at the conclusion of that. Then, as we moved into the December COAG conversation, there were a number of briefings with various peak organisations. What they put, quite reasonably, is: 'You've talked about this as a process of shared decision-making, and we want to have shared decision-making. We don't want to have simple consultation and engagement.' Their view is that, whilst engaged in the consultation process, they want to set up arrangements over the next decade in which they will actually have a seat at the decision-making table. That's what we're currently negotiating. I think this is a first for a COAG process. I think that this is an arrangement that we're trying to bake into how COAG works in this space over the next decade.

Senator DODSON: As an outsider to the process, to me it seems like—and correct me if I am wrong here—there were a set of consultants working with the department, and the peaks were not necessarily joined in the process—that's the message I get from some of them—until some later stage.

Prof. Anderson: They have been involved in the process, but their point is, 'We don't want to just be consulted; we want to have a shared seat around the negotiating table.'

Senator DODSON: I've got no disagreement with that; it is the revelation of at what point the department or whomever thought that would be a good idea.
Prof. Anderson: We started with a principle of shared decision-making. That was part of the consultation process. I think at some point the pivot came, and we had to put into effect what shared decision-making looked like.

Senator DODSON: And I think my colleague Senator Siewert has asked for a list of those peak organisations.

Senator SIEWERT: Yes.

CHAIR: Senator Dodson, I want to give the call to Senator Duniam with the department before we move to the Department of Health. How much longer do you anticipate that you have?

Senator DODSON: I could probably be here for a few hours, but I will defer to my great colleague and friend Senator Duniam.

CHAIR: That's very kind of you, Senator Dodson! We'll go to Senator Duniam.

Senator DUNIAM: I want to go to remote housing in the Northern Territory. I just wondered about the amount of funding that the Commonwealth is providing for remote housing in Indigenous communities in the NT.

Mr Bulman: The Commonwealth has provided $1.9 billion over the last 10 years to the Northern Territory for remote housing for Indigenous communities. In the last budget, the government announced that they'll provide $550 million for the next five years, $110 million per year, to remote Indigenous communities on the basis that the Northern Territory government would match this funding.

Senator DUNIAM: In terms of that matching funding, where are things at?

Mr Bulman: The NT government have agreed to match that funding of $550 million. We are, with the government, working through the details of what the partnership agreement will look like.

Senator DUNIAM: Minister, do you have any specific views on how you think this funding should be delivered? Are there different ways, different things we should be trying in terms of the delivery of this funding?

Senator Scullion: There is a fundamental part of this deal that differs from others. The first is the agreement that the state and territory jurisdictions now, in a transitional arrangement, start taking responsibility. There was a deficit in the number of houses because the original COAG calculations, as part of the agreement, didn't take into account population growth over that decade. There are still houses to be built to bring overcrowding down to zero, which is the first element of that. In the Northern Territory, this calculation, these funds, move towards that.

As part of the Commonwealth position, we need Aboriginal people to be a part of that decision-making process, so we've described it as a glass jar where the Commonwealth put their money in and the Northern Territory puts its money in to build houses. The agreement originally was that the land councils in the Northern Territory would sit around that glass jar. Unfortunately, I've had correspondence from Michael Gunner, via the Prime Minister's office, that that is no longer acceptable to them. As an addendum to that correspondence, they've indicated that they don't believe land councils are representative of Aboriginal people in the Northern Territory—it's one of the reasons they give—so we now have to contemplate an
alternative approach, but we're determined to have Aboriginal people in the Northern Territory at the centre of these deliberations.

If that's the case, if the Northern Territory have to build their half and we have to invest our half directly with Aboriginal organisations to build their own houses and to maintain their own houses in the Northern Territory, then they're the matters that I'm now having to contemplate in a process sense. So how does that actually happen if the Northern Territory government are refusing to work with Aboriginal people on this matter? How does the Commonwealth engage directly with them? I'm in active discussions at the moment about how we would do that both in the Northern Territory context and in the Queensland context.

**Senator DUNIAM:** That is the official response from the Northern Territory government—they're not prepared to work with those organisations, the land councils?

**Senator Scullion:** That's the reason they've provided. They said they are not representative. But, even so, the indications are they're just not going to work with them. I've been corresponding; I had a meeting with the land council representatives at the time, the Northern Land Council representative. I thought I had a handshake deal with the Chief Minister at the time. I still haven't been apprised of why there was a change of heart. We should be moving ahead with this now, but they have indicated that, while Aboriginal people are making decisions around that, in that context, they're not interested in doing this deal. We just have to find another way, but we are determined to involve Aboriginal people in decision-making about employment numbers, who actually builds the houses, the maintenance, the size of the contracts—the normal processes you'd go through to ensure how much administration is taken out by the jurisdictions and those sorts of matters. I think they should be right in the centre of that, and that's going to be a fundamental part of our insistence in this regard.

**Senator DUNIAM:** That is very disappointing to hear with regard to the Northern Territory government, but you mentioned just persisting with negotiations. Are there other organisations that you're looking at partnering with?

**Senator Scullion:** In the Northern Territory, we provided some funds to the Northern Land Council to look at a housing entity. Now, there's been a bit of a distraction in the Northern Land Council, which we spoke about earlier, but I'm very confident that when all those other governance matters have been resolved we could look in only the Northern Land Council areas at an entity under which we can facilitate the building of new houses. And it may well be the same, whether they are a complete entity across the Territory. I've spoken broadly with the other land councils, and they are all very supportive of the process, but I haven't spoken to any other land council about specifically what sort of entity they'd like to enter into. But it's early days; we're only just contemplating the rejection of involving Aboriginal people by the Northern Territory government.

**Senator DUNIAM:** Which, as I say, is disappointing. Well, hopefully, common sense prevails.

**CHAIR:** Are there any further burning questions for PM&C you have to ask right now?

**Senator SIEWERT:** There are lots of questions we're going to put on notice.

**CHAIR:** No doubt—as is often the case. But, if there are no further questions right now for PM&C, I thank the relevant officials who are not required for the next session. We will now move to the Department of Health.
CHAIR: I welcome Ms Caroline Edwards and other officers for this session on health issues. Do you wish to make an opening statement?

Ms Edwards: No, thank you, Chair. I don't have an opening statement, but I do have some information to provide in response to questions that Senator Dodson asked at the community affairs committee on Wednesday.

CHAIR: That would be helpful. Thank you.

Ms Edwards: At Wednesday's health estimates in the community affairs committee, Senator Dodson asked a series of questions on activity under the national suicide prevention trials and in relation to our efforts to prevent suicide amongst Aboriginal and Torres Strait Islander people generally. We agreed to provide the detail of those answers on notice but also undertook to provide as much of the information as we could in these hearings today.

The department and the government are acutely aware of the priority that needs to be given to suicide prevention activities in Aboriginal and Torres Strait Islander communities. We have a huge responsibility, given the devastating impact on individuals, families and communities. We remain focused on fulfilling the government's commitment to work with communities to identify what more can be done. We know that we do not have all the answers, and we're open to ideas and views, especially from people living and working on the ground in communities.

There are a number of initiatives in train through the health department, including the suicide prevention trials across Australia, as referred to by Senator Dodson, which include two Indigenous-specific trials—in the Kimberley and Darwin. We also manage a number of other of initiatives through the Primary Health Networks and our National Suicide Prevention Leadership and Support Program. Importantly, we ask all providers to consider and include action in relation to Indigenous people through all the suicide prevention work, whether or not it is an Indigenous-specific program. In addition, we work closely with the Department of the Prime Minister and Cabinet, with other departments and with state and territory governments. There is no place for patch protection on this issue. Most recently, we've been collaborating with PM&C to consider the important recommendations which Coroner Fogliani made in relation to the tragic deaths in the Kimberley. In relation to Senator Dodson's specific questions, I'm able to table today an update of activity against all trials as of late 2018, and I propose to have a further update activity this year so far when we answer on notice.

In relation to the Kimberley, some of the activities that are underway include funding to the Kimberley Aboriginal Medical Services social and emotional wellbeing team to deliver gatekeeper training across nine communities in the Kimberley. This is designed to help people to recognise the signs of mental health issues and to proactively support community members to seek assistance. There's a project being undertaken by the Kimberley Aboriginal Law and Cultural Centre to map cultural activities across the region, in recognition of the critical role that culture brings to building a sense of identity, connection to country, wellbeing and resilience in Aboriginal communities. There has also been a commitment by lead clinicians from the Kimberley Aboriginal Medical Services and Kimberley ACCHOs to undertake continuous quality improvement within their clinics for dealing with patients who are at risk of self-harm or suicide.
Goolarri media is working with Aboriginal community members with lived experience and
Aboriginal young people to identify messaging and methods for delivery of a Kimberley-wide
awareness-raising campaign targeting mental health and suicide prevention. An awareness
campaign ran over the Christmas period and a social media campaign is planned for April. In
addition, Mindframe has been approached to deliver a training program on ways to
appropriately report on suicide in the local Kimberley media. This training will target local
service providers, police and other community representations. Those funded—and I have a
table of the funding to table today—including the Kimberley Aboriginal Medical Services,
Ngnowar Aerwah, the Kimberley Aboriginal Law and Cultural Centre and the Telethon Kids
Institute. In addition, we're funding community liaison officers across nine communities in the
region.

Senator Dodson also asked about our commitment to ensuring cultural competency. I can
confirm that training for service providers in the Kimberley suicide prevention trial is being
commissioned to roll out this year as part of an overall cultural security framework project.
That training is to be delivered locally by the Kimberley Aboriginal Medical Services. Since
Wednesday, we've also been in discussion with the WA Country Health Service to get
answers to Senator Dodson's query about mental health clinicians and the frequency of
community visits. This information that we've collated includes both state and
Commonwealth funded positions in relation to mental health and drug service clinicians who
work exclusively in communities. I note that this is not an exhaustive list, as other primary
health and specialist clinicians also visit communities as part of their practice. We're in the
process of gathering further detail in response to Senator Dodson's questions about crisis
management plans in regard to after-hour periods and about clinician wellbeing, and updated
details of trial expenditure across all trial sites. We will provide this detail as quickly as
possible both to this committee and to the Community Affairs Legislation Committee.

Finally, I'm authorised to offer Senator Dodson or any other members of the committee a
full oral briefing on these issues, should it be useful to those members. I again thank Senator
Dodson for his questions, and the committee for its interest and commitment on these issues.

CHAIR: Thank you, Ms Edwards. Senator Dodson, are you seeking the call?

Senator DODSON: Thank you, Ms Edwards, for that prompt reply and the depth into
which you've gone with some of the detail. I look forward to the additional detail. But thank
you for it in the first instance. I want to ask some questions on the multijurisdictional syphilis
outbreak. I'm not sure what the latest figures are, but the December ones are what I have in
front of me. Are there any more-relevant statistics on outbreaks?

Ms Edwards: I'll pass over to the Chief Medical Officer's team to take the lead on this
item.

Prof. Murphy: I'll ask Mr Carlille to provide any data information.

Mr Carlille: The December data that you have, Senator, should be the latest data that's
available. It's produced on a monthly basis, but it's based on data from the previous period. Is
there any particular question?

Senator DODSON: We're now in—what is it—February. How does that theory stand if
it's produced on a monthly basis and it's the month beforehand? We're in February and you're
giving me December as the latest set of figures.
Mr Carlille: That was published in January, Senator, so we're due for the next—

Senator DODSON: I'm looking at the graph—sorry, sir—which says 31 December.

Mr Carlille: Yes, that's right, Senator. The data is collected from the organisations and then the analysis is done, so it's not a real-time check of the data. We have to collate that from the organisations, then it has to be reviewed before it's verified and uploaded.

Senator DODSON: How do I know whether we're making progress or not?

Mr Carlille: We certainly are making progress. The number of people that have been screened since the start of the intervention is well over 6,000 now—the number of tests that have been completed.

Senator DODSON: What about the number of outbreaks?

Mr Carlille: In terms of outbreaks, the Adelaide region was the last area that was—

Senator DODSON: Was that just the one?

Mr Carlille: That's the latest one to be declared.

Senator DODSON: What are you doing to lower these rates? You're testing, and I think the last time we had this discussion there were going to be many rapid point-of-care tests. You talked about going to football clubs and bazaars or fetes and getting people off buses. What's happened here?

Prof. Murphy: I might just intervene here. The strategy has been a progressive build-up, and I think that Mr Carlille described how we're increasing, every month, the number of ACCHOs that are involved. We were always expecting that, as we scale up this test-and-treat, it would take some time—in fact, you often find statistics get worse, because you're detecting more cases. The statistics are not going to show an improvement until we've got a full-scale response and we've started to see the effects of testing and treating. You will identify people and treat them, and then the rates will start to fall, but that's going to take some time. Quite often you'll see a worsening of the statistics in the meantime.

The success is evidenced by the fact that just about every ACCHO in every area that's affected has enthusiastically embraced this program. Dr De Toca and his colleagues have been out there. We have a very good, culturally sensitive approach to getting on top of this, but it's not a problem that's going to be quick to turn around.

The Adelaide outbreak is slightly different. We don't think it's quite in the same league. There are other factors in Adelaide, but Dr De Toca can give a little bit more information on how we think we're going.

Senator DODSON: Can you tell me how many of the ACCHOs are actually involved in this, and are they being funded?

Dr De Toca: Yes. As Professor Murphy was indicating, the rollout of the intense response is being done in a phased approach. We are making sure that we're working really closely with the ACCHOs on the ground with the—

Senator DODSON: Just tell me the number that are involved.

Dr De Toca: So far, eight ACCHOs have been funded, and—

Senator DODSON: Where are they?
Dr De Toca: we're in the process of finalising negotiation with our third wave of the response. The eight—

Senator DODSON: Where are those eight?

Dr De Toca: There are two ACCHOs in Queensland, in Townsville and Cairns. There are Danila Dilba, in Darwin, and Miwatj Health, in East Arnhem Land. The three ACCHOs in the Katherine region are Wurli-Wurlinjang, Sunrise Health and the Katherine West Health Board, and there is Kimberley Aboriginal Medical Services, in the Kimberley. We are in further negotiations for our rollout in the next month of the third phase of the response in ACCHOs in South Australia and further ACCHOs in the West Kimberley and the Pilbara, as well as Maningrida, in West Arnhem.

Senator DODSON: How many of these rapid point-of-care tests have been undertaken in these places?

Dr De Toca: It's important to understand that the point-of-care test aspect of the response is only one part. It is a new technology that can be used to, in some cases, shorten the time between diagnosis and treatment, but the bulk of the response is about ensuring that the ACCHOs have dedicated workforce and capacity to undertake testing above the business as usual that they're expected to do in primary health care. We have distributed 25,000 point-of-care test kits in the funded ACCHOs, and they are being used as the response progresses.

Mr Carlille: That figure I gave you before about 6,000 people being tested indicates the number of people who have been tested either through a point-of-care test or through serology—the taking of blood for the test. The important thing for us that's part of the enhanced response is that testing is done. The point-of-care test is simply another mechanism that's available to the ACCHOs to use as opportunity requires. If people are out in clinics and they want to do something straightaway, that's available to them.

Dr De Toca: But, if I may, it's also important that we encourage the ACCHOs to continue best practice approaches to this, and that includes a full sexual health check that goes beyond a syphilis test. That's why the emphasis of the response is on increasing the access to that, and on the treatment of sexual health issues, with a particular focus on syphilis, and the use of rapid technology as required, and the ACCHOs are very committed to work on overall STI management and not simply on a vertical intervention for syphilis.

Prof. Murphy: I think the other point to make, Senator, is that there's been a substantial increase in the funding for this response. We recognised that the initial funding wasn't going to be sufficient to last the duration. We had hoped that we'd get pretty good uptake by the states and territories, and certainly some have come to the party. Queensland have made significant investments, and we're hoping others will do that as well. But the Commonwealth contribution's now at $21.2 million over four years, so that's a very substantial contribution. That will enable us to have pretty good quality response in all of the ACCHOs where there is a problem.

Senator DODSON: The $21.2 million—what's the increase from the original?

Mr Carlille: The 8.8 was the original commitment.

Senator DODSON: So you've jumped it to $21 million.

Mr Carlille: Yes.
**Senator DODSON:** What are the states contributing?

**Mr Carlille:** The $21.2 million is the Commonwealth portion of the response. The Commonwealth, as part of the commitment to the implementation that was agreed through AHMAC, has agreed to fund services through the ACCHOs, and we're also paying for the point-of-care test to be available, for medication, for education materials and for dissemination of the same. The states have their own responsibility in this area, and it's up to the states to make their commitment, as Queensland has done in Queensland. But they are not contributing anything to that $21.2 million. That's purely Commonwealth funding at the moment.

**Senator DODSON:** And what about the Territory, Western Australia or South Australia?

**Mr Carlille:** No, they're not contributing anything to that. They've got their own health programs which they'll pursue, and it's a matter—

**Senator DODSON:** What I want to know is: are they working in a collegiate way with you around the same objective, or are they doing something else?

**Mr Carlille:** No, certainly we are working in coordination with all the states. Whenever we looked at the target areas and the ACCHOs to be funded, we did that in consultation with the state and territory governments and the ACCHOs in the state. They still have a role with surveillance in their own community and their own health services, and often, as you would appreciate, in the NT and Queensland, there are mixed services between ACCHOs and government services, so there's coordination between the same.

**Ms Edwards:** Senator, can I just add that sexual health services of this type are primarily matters for the states and territories. But of course, given the severity of this outbreak and the importance of the issue generally, the Commonwealth has come in to make a really major contribution. What we're calling upon the states to do is not to contribute money particularly to the things we're doing but to make sure that they continue to build and maintain an appropriate workforce and commitment to sexual health across the whole of their jurisdictions. That's what we're requiring them to do and to continue to do, because our fix—even if we can get on top of this outbreak, which we're working hard to do—will not solve the problem going forward unless we have fully maintained, state-managed services, and that's what we're talking to them about doing and maintaining.

**Senator DODSON:** In the big picture of all of this, the contributions that have been made and the efforts that you're trying to get the states to make, is there a tipping point at which you can say, 'We've got this under control,' or, 'This is just getting away from us; we don't know where we're at; we're putting good money after bad'?

**Prof. Murphy:** I don't think there's any evidence that we're putting good money after bad. The fact that we have tested and treated a large number of people is a very positive sign. As I said, it will take some time before we see the incidence starting to fall. Other than the Adelaide outbreak, we have not recently seen any substantial further extension. With the extension that occurred over the last four years, everyone acknowledges that, with the benefit of hindsight, earlier intervention by various people might have brought about an earlier response, but now I think it will take us a year or so before we start to see some impact on the incidence. It is going to be a very slow response. That's the nature of getting on top of a condition like this.
Senator DODSON: Thanks.

Senator SIEWERT: Can you take me through and explain the Indigenous comprehensive primary health care grant process?

Ms Edwards: Just to be clear, Senator, we're talking about that portion—about 60 per cent—of the whole of the Australian Indigenous health program that is used to support primary health care through Aboriginal medical services, primarily ACCHOs?

Senator SIEWERT: Yes. My understanding is that there has been a grant given to a non-Aboriginal organisation based in Perth for the delivery of services in the NT.

Ms Edwards: This particular organisation has got a bit of media over the last couple of days. I will go back one step and then Mr Roddam will give you the detail of that particular grant. It's a total program per year that we have under the Indigenous Australians' Health Program of about $800 million. It's obviously only one part of what the health department does. About half of that is to fund primary care through clinics on the ground. The vast majority of that goes to Aboriginal controlled health services. Then we have a whole stack of other priorities that we fund, including the suicide prevention work we have just been talking about and so on.

In terms of the primary care, our key focus is on ensuring that the ACCHOs are supported and do their important work. At the same time we are continuing to look at alternative methods of primary care and alternative delivery methods to cater for different types of circumstances and that proportion of Aboriginal people who have so far chosen not to go to an ACCHO for one reason or another. This particular grant is one of those instances of having a go at a different form of delivery to see how it works in a particular area. I assume you're talking about the REDIMED grant?

Senator SIEWERT: Is that the one that's based in Perth?

Ms Edwards: It has been in the paper today. Mr Roddam might want to tell you a little bit about that grant in particular.

Mr Roddam: In terms of the details of the particular grant in question, on 11 September Minister Wyatt approved funding of $1.69 million over two years to REDIMED. The funding will support REDIMED to run a program of health assessments—MBS item 715—to Aboriginal and Torres Strait Islander people, followed by ongoing support through home visits. In addition, the funding will support improved access to medical specialists for Aboriginal and Torres Strait Islander people. REDIMED is funded to provide those services in Rockingham, Joondalup and the eastern metropolitan areas of Perth.

Senator SIEWERT: For two years?

Mr Roddam: Yes, over two years. I should add there will be an independent evaluation at the end of the two years to assess the effectiveness of the grant.

Senator SIEWERT: I'll come back to the evaluation. In what manner will they be providing the services? Are they establishing clinics?

Mr Roddam: It's in addition to the individual ACCHOs that we fund within Perth, so it's providing access to other medical services, undertaking the health assessments themselves and providing home visits as well.

Senator SIEWERT: Is it a private organisation? Is it a not-for-profit organisation?
Mr Roddam: I might need to take that on notice. It's a private organisation.

Senator SIEWERT: Can you take on notice whether it's a for-profit?

Mr Roddam: Yes.

Senator SIEWERT: Is it run by Aboriginal people?

Mr Roddam: No, but you might be interested that, as a condition of the funding agreement, we did require REDIMED to undertake consultation and collaboration with Aboriginal and Torres Strait Islander organisations in the area, and we did state that the pilot was not to duplicate any already funded service and was to serve only clients who weren't already visiting other Indigenous Australians' Health Program funded services. They have partnered with Koya Aboriginal Corporation to deliver the project. Koya Aboriginal Corporation are a not-for-profit organisation owned and operated by local Aboriginal people in the City of Swan in WA, and they have experience in establishing health services for Aboriginal community members and have been involved in a range of community projects in the area.

Senator SIEWERT: Thank you. When are they due to start—or have they started?

Mr Roddam: The project started on 26 October. I don't have an exact date for the service starting. We can take it on notice.

Senator SIEWERT: Could you tell me—or do you need to take it on notice—if they have undertaken the consultation that you just outlined as a condition of their funding?

Mr Roddam: We can provide more detail. I think the arrangement they've reached with Koya is a really important part of that consultation, but we can provide further details on that on notice.

Senator SIEWERT: In the broader program, can you tell me which other organisations that are not ACCHOs have been funded through this process?

Mr Roddam: I'd need to take that on notice. We provided evidence on notice to Senator Dodson at the last estimates that about two-thirds of the total Indigenous Australians' Health Program funding does go to ACCHOs, but there are a number of organisations.

Senator SIEWERT: Could you take on notice which organisations they are, where they are delivering the service and the value of each of those.

Mr Roddam: I'll take that on notice. Just to clarify, though, is it non-Indigenous organisations or non-ACCHO organisations that you're interested in?

Senator SIEWERT: Non-ACCHO organisations, but it would be good if you could articulate which of those are Aboriginal organisations. I would like all the non-ACCHO organisations.

Ms Edwards: Just going to the answer we provided to the question on notice, we can provide you with that data across the whole of the program, but 84 per cent of the primary care portion of the program goes to Aboriginal controlled health services and one per cent to Indigenous organisations other than ACCHOs, so that's 85 per cent in total. The balance goes to non-Indigenous organisations. But we would add that that doesn't include state governments and so on. So we can provide a further breakdown. It's definitely a program that is primarily aimed at and spent on Aboriginal controlled organisations, but we'll provide you with the detail of the breakdown.
Senator SIEWERT: Could we go back to the evaluation process and, first off, the specific allocation of money. Has the evaluation process been put in place?

Mr Roddam: Not yet. We have the funding set aside for the evaluation as part of the grant and will be determining the methodology and how we'll undertake the evaluation of the grant down the track. We don't have any, do we?

Ms Jones: We have no further information at this point except that it was a condition of the grant that the organisation commission an independent evaluation of the effectiveness or otherwise of the pilot project.

Senator SIEWERT: If no money has been expended on that yet, who is collecting the baseline information?

Ms Jones: As the grant was only recently provided, the details of the evaluation are still under development.

Senator SIEWERT: But it's started?

Ms Jones: The grant money has just been provided.

Mr Roddam: The grant money has been delivered, yes. The services have not started as yet.

Senator SIEWERT: Will the evaluation be in place before services start?

Mr Roddam: Data collection and reporting of the grant will be in place.

Senator SIEWERT: That's what I want to know.

Mr Roddam: Yes, and that's what we use for the evaluation, because we can compare it against the wide range of data we collect on primary health care, like the key performance indicators and the online services report, where we have an enormous number of data items we collect in our primary health care. We'll be able to compare the work that REDIMED undertakes to that data.

Senator SIEWERT: Services haven't started yet. When are they due to start? I think I misunderstood—

Ms Jones: I don't have the details of exactly when they're supposed to start.

Mr Roddam: We need to take that on notice and get the latest information for you.

Senator SIEWERT: Okay. I didn't misunderstand what you said, then. Thank you. A little bit earlier, you took on notice the provision of information about those non-ACCHO funded organisations. Could I add to that the evaluation process. Is each of those also going through an evaluation process?

Mr Roddam: There will be some that do and some that don't. It really depends on the nature of the activity and whether we deem that there is a need for an evaluation as part of the grant.

Senator SIEWERT: Perhaps in that information you could just say whether are subject to an evaluation.

Mr Roddam: Happy to take that on notice.

Senator SIEWERT: While I'm adding to that information, the condition of this particular funding was that they partner with and talk to other organisations. Could you also tell us
whether the other organisations that have been funded have been required to do that too—obviously for the non-Aboriginal organisations? Does that make sense?

**Mr Roddam:** No, sorry.

**Senator SIEWERT:** You said that a condition of this was that they coordinate with or consult Aboriginal peak organisations in the area, and they've now set up a partnership. Can you take on notice whether a similar condition has been put on the non-ACCHO organisations that have been provided funding?

**Ms Edwards:** Sorry to take you back, but are we talking about primary care functions?

**Senator SIEWERT:** Yes, for primary care functions.

**Ms Edwards:** So we are talking about that particular bucket?

**Senator SIEWERT:** Yes.

**Ms Edwards:** As we know, it's mostly ACCHOs, but there are some other things we are trying.

**Senator SIEWERT:** Yes, exactly.

**Mr Roddam:** We also have, related to this, an overarching evaluation of investment in Indigenous primary health care compared with the performance that the mainstream health system has for Aboriginal people. That's something that's just getting underway. It's a four-year evaluation which is valued at around $18 million or $19 million. This is the first time we have undertaken an evaluation such as that of the whole primary health care system.

**Senator SIEWERT:** Who is doing that?

**Mr Roddam:** A firm called Allen & Clarke.

**Senator SIEWERT:** When is that report due?

**Mr Roddam:** The final report will be in around four years, but we are getting progress reports along the way. Ms Jones, do you have anything to add?

**Ms Jones:** It's a national evaluation of the government's investment in primary health care, looking at the extent to which the government's investment is effective in contributing to good primary health care outcomes for Aboriginal and Torres Strait Islander people. It's going to provide a regular feedback loop to government about what's working and what's not, with approximately yearly reports to government.

**Senator SIEWERT:** So it is over that period, but there will be reports prior to that?

**Ms Jones:** That's right—to create a continuous feedback loop.

**Senator SIEWERT:** I want to ask about the provider REDIMED. Out of this process, did they get a contract for provision of services just in Western Australia or are they—

**Mr Roddam:** Just in those locations I mentioned.

**Senator SIEWERT:** So they don't have any other for anywhere else?

**Mr Roddam:** Not through the Indigenous Australians' Health Program.

**Senator SIEWERT:** I've got more health questions, but I figure you have more too, Senator Dodson.

**Senator DODSON:** No, I just wanted to get some clarity, if I could. Is there a new ACCHO funding model?
Ms Edwards: Senator, I think we talked about this last time, but there have been some developments since then. We have been working for quite a long time to revise the way we allocate the money that we have been talking about, the primary care money, which at the moment is allocated between ACCHOs, effectively on an historical basis, and—  
Senator DODSON: It sounds like there is a non-Indigenous component now that's getting contracts within the space that ACCHOs, or Aboriginal controlled organisations, would have been—  
Ms Edwards: In addition, so there is no—  
Senator DODSON: I just want to know what the new funding model for ACCHOs is.  
Ms Edwards: The new funding model, which we have been working on for a long time, which was to begin on 1 July, has been pushed back a year to begin on 1 July 2020, because we had some discussions with the sector and we want to refine our data. The aim of the new funding model, which we now aim to be rolling out on 1 July 2020, is to convert the existing historical block-funding arrangement, with nobody having a reduction in their funding, to one which reflects how many episodes a carer provided—so, effectively, how many patients are seen in the ACCHOs, what they see them for, remoteness, need and so on—to make it a more modern and transparent method. It is something we have been working on for quite a long time. It was going to be introduced in July this year, but, given concerns in the sector primarily, the government has decided to defer it for a year so that we can continue to have discussions about how the methodology might work and also to make sure that the data we are getting from ACCHOs, which is an enormously rich resource, is appropriate to base that new model on. So nothing is happening with the model this year. We are extending the existing contracts for a further 12 months. But by 1 July 2020 we are aiming to be rolling out a new, more robust and effective methodology. But it is very important to note there is no intention to reduce the funding for any service.  
Senator DODSON: Are the ACCHOs involved in the development of this new matrix?  
Ms Edwards: Yes.  
Senator DODSON: Fully involved?  
Ms Edwards: They have been involved heavily throughout.  
Senator DODSON: Are they co-designing this with you?  
Ms Edwards: That's certainly our intention, and one of the reasons we've deferred for 12 months is that there were concerns as we got—we thought—to the end of a long process and we now have re-engaged through the ACCHO sector to effectively start again with a new committee to talk about how the commitment might work.  
Senator DODSON: I can only applaud your restart!  
Senator SIEWERT: I've got one or two questions around the other matter. Was this a closed tender process?  
Mr Roddam: No, it wasn't a tender process. Under the Indigenous Australians' Health Program, organisations are able to submit an unsolicited proposal and that is assessed against the Indigenous Australians' Health Program guidelines. That was the case with the grant awarded to Redimed.  
Senator SIEWERT: Is that an ongoing process?
Mr Roddam: That's right. We have many organisations applying through this unsolicited application process.

Senator SIEWERT: Any private organisation can apply?

Mr Roddam: ACCHOs themselves apply for extra money through those means.

Senator SIEWERT: ACCHOs aren't private organisations.

Mr Roddam: No. Any type of organisation is able to apply through the unsolicited application process.

Senator SIEWERT: So private, for-profit organisations apply?

Mr Roddam: Yes, it's open to them.

Senator SIEWERT: How often do they apply?

Mr Roddam: I'd need to take that on notice.

Ms Edwards: I think the question of how many apply is not the core one to get to. It is how many might be successful.

Senator SIEWERT: I was going there next.

Ms Edwards: A lot of proposals come in and they are all assessed against the guidelines, which are publicly available and are quite tight in terms of what has to be achieved—and again was a question on notice from last time. Across the whole of the program—this is primary care plus the entirety—67 per cent is awarded to Indigenous organisations.

Senator DODSON: Can we move to smoking?

Ms Edwards: To our efforts to combat smoking?

Senator DODSON: Well, one wonders these days! Can you confirm that the minister made a commitment of $183.7 million to this program?

Ms Edwards: Correct—over four years: 2018-19 into 2021-22.

Senator DODSON: How much of the funding has been allocated and how much of it is still to be allocated?

Mr Roddam: We have a breakdown of where the funding will go. In terms of how much of that has been expended at this point, we'll need to take that on notice. But, in terms of how the funding will be allocated, $145.8 million will go to Regional Tobacco Control Grants, $10.6 million will go to the National Best Practice Unit for Tackling Indigenous Smoking, $1.2 million supports the work of the national coordinator, $5.5 million will support enhanced data collection at the regional level, $6.1 million will support—

Senator DODSON: If you could just table those.

Mr Roddam: Yes, sure.
Senator DODSON: What percentage of the Tackling Indigenous Smoking grants goes to the ACCHOs?

Ms Edwards: We'll take that on notice.

Mr Roddam: I think we need to take it on notice. I think it's a significant proportion, but we need to take it on notice to get the exact figure.

Senator DODSON: That's all from me on the smoking.

Senator SIEWERT: Can I go to petrol sniffing and volatile substances.

Ms Edwards: Yes. I think we need our PM&C colleagues for petrol sniffing and substances.

Senator SIEWERT: Thank you for the answers to my last lot of questions—you took some on notice last time. I wanted to follow up on some of the answers that you gave. In answer to the questions I'd asked about the increase in petrol sniffing—and during that discussion we were talking about volatile substances as well—you said that your monitoring had identified small increases in Townsville, southern Queensland, the Goldfields and East Arnhem Land. I would like to know whether you're continuing to follow that up and whether (a) there are any updates on how that's been handled and (b) there are any more. Are you continuing to monitor it?

Mr Arnaudo: That's correct. We continue to monitor, mainly through our regional network, the sporadic instances of volatile substance abuse and other forms of sniffing. We're not the first responders in a sense. Often the health authorities and local authorities on the ground, police or other youth services, will respond, and matters come to our attention mainly through our regional network. We haven't seen a significant change in the activity in that space, and there are a range of volatile substances that are often sniffed by young people in particular. I'm happy to take it on notice and ask whether we've got some more information from our regional network in recent times, but I can tell you, from the reports I see in my day-to-day work, that's really about where we're up to.

Senator SIEWERT: You said in your answer that you'd written to several major supermarket chains, encouraging them to take steps to educate staff about the abuse of volatile substances and the need to secure them.

Mr Arnaudo: That's correct. If I recall correctly, that was in relation to Alice Springs.

Senator SIEWERT: That was just in Alice Springs?

Mr Arnaudo: I think it was just in Alice Springs. Often we bring these matters to the attention of the local shops, supermarkets and those sorts of places where those sorts of substances are kept, basically.

Senator SIEWERT: Have you had a response?

Mr Arnaudo: I'll have to take that on notice in relation to the stores that we wrote to. I'm not sure. It might be through our regional network presence in Alice Springs, for example.

Senator SIEWERT: If you could take that on notice, and also whether you did the same thing where there had been an increase. I ask that because what you articulated not only in your previous answer just then but also in your written answer is that it's often associated with supermarkets and easy access to volatile substances. I'm aware that CAYLUS has been
working a lot with supermarkets in Alice Springs around securing volatile substances. I do understand there's a progression through various substances when one is secured.

**Mr Arnaudo:** Yes.

**Senator SIEWERT:** It changes. But was the same thing done in those other areas where those incidents had been identified?

**Mr Arnaudo:** I'd have to take that on notice just to make sure I'm being accurate. Writing to supermarkets and shops is one way of doing it, but, as you said before, the example of CAYLUS working closely with other providers of youth services on the ground is really the key to making sure we're aware of those issues.

**Senator SIEWERT:** You've got to take a comprehensive approach.

**Mr Arnaudo:** You do, yes.

**Senator SIEWERT:** Could you take on notice what the current situation is in those areas and whether there was contact with whichever stores are selling—

**Mr Arnaudo:** Yes.

**Senator SIEWERT:** and where volatile substances are available and whether it was part of a comprehensive approach in terms of also working with the youth support services that are available.

**Mr Arnaudo:** I will.

**Senator DODSON:** I want to ask about the non-Indigenous organisations that receive funds out of—I think you mentioned an $80,000 million—program.

**Ms Edwards:** I don't think I mentioned—

**Mr Arnaudo:** It's $800 million.

**Ms Edwards:** It's a bit over $800 million.

**Senator DODSON:** So, $800 million.

**Ms Edwards:** That's for the entirety of the program.

**Senator DODSON:** Could you give me the breakdown between what goes to the ACCHOs or—

**Ms Edwards:** This is the answer we provided to your question on notice from last estimates. I have to say that we had to update that, because we had made an error—

**Senator DODSON:** Yes.

**Ms Edwards:** so perhaps I should go through the numbers now to make sure that the correct ones are on the record. In fact, I might get my colleague, who is better at numbers than I am, to do that. We'll go through both the primary care program and the proportions that we've been talking about, slowly, and then as a whole.

**Senator DODSON:** Okay.

**Mr Roddam:** Starting off with primary care, 84 per cent goes to the Aboriginal community controlled sector; one per cent of the funding goes to other Indigenous organisations; and 16 per cent goes to non-Indigenous organisations, and they would include state and territory governments as well.
In terms of the program as a whole, 65 per cent goes to the Aboriginal community controlled sector, two per cent goes to other Indigenous organisations and 33 per cent goes to other organisations. If you break that down, that's 13 per cent of the total going to Primary Health Networks, 12 per cent to other non-Indigenous organisations and nine per cent to other governments.

Senator DODSON: Were the ACCHOs invited to apply for the funding that was available for the—I forget what the darn thing was called!

Mr Roddam: Are you talking about the REDIMED example that Senator—

Senator DODSON: Yes.

Ms Edwards: As Mr Roddam was saying, I think that the ACCHOs are, effectively, the selected providers to provide primary care in their particular region, and so we go out and talk to them about their contracts, which have just been extended.

Senator DODSON: Yes.

Ms Edwards: In addition to that, we have a range of other programs—for example, child and maternity programs, like the Nurse-Family Partnership Program and Connected Beginnings. They're certainly invited to be involved in those through various processes.

Mr Roddam: And the majority of the provisions in those programs are from the ACCHOs as well.

Ms Edwards: Additionally, there is one element in the entirety of the program which is for people who make unsolicited applications for proposals. This is designed to allow emerging issues, or new ideas and so on to be catered for. ACCHOs are certainly open to this, and they do make unsolicited applications from time to time.

Senator DODSON: Okay. Is this a precedent-setting approach to the way you're going to deal with ACCHOs and—

Ms Edwards: This particular grant—

Senator DODSON: other Aboriginal controlled organisations?

Ms Edwards: This particular grant is a two-year grant to have a look at a different form of primary care provision—

Senator DODSON: Yes, but is it going to constitute a precedent, where all of these health things that impact First Nations people are now going to be available to anyone outside of the First Nations Aboriginal medical service networks?

Ms Edwards: I don't think it reflects any change whatsoever in our guidelines or processes. It's a single grant to have a look at a particular form of delivery. The minister will make decisions about grants out of the program. There is certainly no proposal whatsoever to reduce or dilute the role of ACCHOs in the provision of primary health care, but we're always looking for new and alternative methods.

Mr Roddam: I might just add that the unsolicited application process has been around for a number of years, so it's not something that's just applied recently or just before this grant was given. It has been around for a number of years.

Senator DODSON: Have there been applications to it before?

Mr Roddam: Many applications. Yes, we receive them all the time.
Ms Edwards: We receive many hundreds of applications.

Senator DODSON: So it is a precedent.

Mr Roddam: No. Sorry, I'm saying the opposite, Senator. We receive many, many applications—

Senator DODSON: It's a one-off, is it, that's been around for many years!

Ms Edwards: The program has been around for a long time, and the capacity to give grants to unsolicited proposals has been around for a long time. We haven't given a grant to this organisation to do this type of thing before.

Senator DODSON: Well, I suppose that, in the spirit that the government have indicated they want to work with First Nations people, is there some way that the ACCHOs or their peak organisation are consulted in the determination of the unsolicited application? I would suggest a departmental decision that this is a good thing to do.

Ms Edwards: It's a ministerial decision—

Senator DODSON: But the minister will be given a recommendation?

Ms Edwards: That would depend. We do consult the ACCHOs often about various things. It's not a requirement that—

Senator DODSON: But it's not an entrenched operational principle that you have?

Ms Edwards: It's an entrenched operational principle that we work very closely with the ACCHO sector, and with NACCHO in particular. It's not an absolute requirement—

Senator DODSON: Until they get on the nose!

Ms Edwards: that we consult with anyone on any particular grant.

Senator DODSON: Okay, thank you.

Senator SIEWERT: Questions around domestic violence don't belong here, do they? They belong in the previous section, don't they?

Mr Griggs: Yes.

Ms Edwards: Yes.

Senator SIEWERT: Okay, I will put the questions—

Mr Griggs: Will you put them on notice?

Senator SIEWERT: I'll put them on notice. They're questions that I tried to ask yesterday but which then came here.

Senator DODSON: And there'll be some others that I'll put on notice. I have no further questions, Chair.

Senator SIEWERT: I have lots, but they were in the previous area!

ACTING CHAIR (Senator Duniam): Okay, so we'll conclude, then. That concludes the committee's hearings for additional budget estimates 2018-19. I'd like to thank the minister very much, and officers who have given evidence to the committee today. I'd also like to thank the reappearing chair, Hansard—Senator Siewert?

Senator SIEWERT: Sorry! On Wednesday, and yesterday, I asked a series of questions about mental health and access to mental health services. I asked about movement from the various programs into the NDIS et cetera.
Ms Edwards: Yes, I remember.

Senator SIEWERT: I presume you'll have to take this on notice: is it possible to tell me the number of Aboriginal people who are PIR recipients and day-to-day living recipients—

Ms Edwards: Who have not yet transitioned?

Senator SIEWERT: who have transitioned, and then those who have not yet transitioned?

Ms Edwards: I understand the question entirely. I don't know the answer, but we'll certainly take it on notice and provide you with that. Do you want the proportion of Aboriginal clients in PIR only, or do you want day-to-day living—

Senator SIEWERT: Day-to-day living as well.

Ms Edwards: The proportion of people who identify, obviously, as Indigenous—and that depends on how they collect it, because it's not a Medicare—

Senator SIEWERT: Yes.

Ms Edwards: And, if we do collect it, and it's meaningful, the break-up of how many have transitioned or not transitioned?

Senator SIEWERT: Exactly, yes.

Ms Edwards: I can do that.

Senator SIEWERT: I want to understand how the PHNs are operating in terms of continuity of care and the gap funding.

Ms Edwards: Yes. You would also recall in relation to this that we talked about giving an extra $19 million to help with that front door to the PHNs—

Senator SIEWERT: Yes.

Ms Edwards: So you want to understand that. As we talked about the other day, we're still in an intense process of how we're going to work over that transition period to get the PHNs with the psychosocial work and the continuity of support. Obviously, these are people with similar needs; we're very aware of that and of how we're going to move into it.

Senator SIEWERT: Yes, particularly for—

Ms Edwards: So a description of that sort of thing?

Senator SIEWERT: Yes.

Ms Edwards: It's a work in progress, as we talked about the other day, but we'll provide you with what we can. No doubt, you'll seek an update as we go forward.

Senator SIEWERT: Thank you. Thank you, Chair.

CHAIR: Thank you. I leave for two minutes and Senator Duniam tries to steal my thunder, as per usual! The committee will now adjourn. Thank you, everyone.

Committee adjourned at 14:53