



Reconciliation
A U S T R A L I A

30 April 2015

**Submission to the Senate Standing
Committees on Finance and Public
Administration**

*Commonwealth Indigenous
Advancement Strategy tendering*

1. Introduction

Reconciliation Australia is the national organisation promoting reconciliation between the broader Australian community and Aboriginal and Torres Strait Islander peoples. Our vision is to build an Australia that is reconciled, just, and equitable for all. To do so, we are dedicated to building relationships, respect and trust between Aboriginal and Torres Strait Islander peoples and other Australians. We believe a reconciled Australia is one where:

- There are strong two-way relationships between Aboriginal and Torres Strait Islander and non-Indigenous Australians;
- Aboriginal and Torres Strait Islander history, culture and rights are a proud part of our everyday life;
- Our national wellbeing is enhanced by Aboriginal and Torres Strait Islander strength and prosperity; and
- The collective rights of Aboriginal and Torres Strait Islander peoples are recognised and respected.

Effective government investment is crucial to achieving these goals, and to ensuring that all Aboriginal and Torres Strait Islander people have the same life opportunities as other Australians. As such, Reconciliation Australia welcomes this opportunity to provide feedback to the Finance and Public Administration References Committee on the process around the Indigenous Advancement Strategy.

We make this submission with particular regard to the following terms of reference:¹

- c. the evidence base and analysis underlying program design;
- k. the information provided to tenderers about how decisions are made, feedback mechanisms for unsuccessful tender applicants, and the participation of independent experts in tender review processes to ensure fairness and transparency;
- l. the impact on advocacy and policy services across the sector;
- p. the effect and cost impact of delays in the assessment process and the extension of interim funding on organisations pending the outcome of the Indigenous Advancement Strategy;

These particular terms of reference speak strongly to our belief that approaches in Aboriginal and Torres Strait Islander affairs:

- 1) must follow clear and transparent processes;
- 2) must empower Aboriginal and Torres Strait Islander people and organisations; and
- 3) must culminate in decisions based on clear evidence.

Each of these steps is essential to progress reconciliation, and to develop meaningful and long-lasting relationships between governments and Aboriginal and Torres Strait Islander organisations and communities. The Indigenous Advancement Strategy (IAS) has thus far had significant shortfalls in each of these areas, which has resulted in high levels of uncertainty and the inability for Aboriginal and Torres Strait Islander organisations to implement long-term plans. However, Reconciliation Australia believes that this inquiry will be well-placed to inform the processes used for future funding within Indigenous Affairs.

¹http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Finance_and_Public_Administration/Commissionwealth_Indigenous

2. Summary of Recommendations

Recommendation 1: The Government review the decision-making processes used to allocate funding under the IAS, and where appropriate make these processes publically available. In addition, the Government should release information that shows the level of funding under each funding stream, including funded projects that sit within each of these streams.

Recommendation 2: The Government commit to contacting all IAS funding applicants to provide feedback on both successful and unsuccessful applications.

Recommendation 3: Future funding under the IAS clearly prioritises Aboriginal and Torres Strait Islander organisations, or partnerships between Aboriginal and Torres Strait Islander organisations and non-Indigenous organisations.

Recommendation 4: IAS guidelines are revised to remove the condition that organisations receiving over \$500,000 in funding must be incorporated under Commonwealth legislation only.

Recommendation 5: IAS funding decisions are based on strong evidence, and this evidence is made publically available for all interested stakeholders.

3. Lack of clear and transparent processes

Streamlining Indigenous-specific programs under the Indigenous Advancement Strategy (IAS) into the five key areas and funding streams of jobs, land and economy; children and schooling; safety and wellbeing; culture and capability; and remote Australia strategies had the potential to remove much “red-tape” from the Indigenous Affairs portfolio. Reconciliation Australia believes the new IAS structure could potentially improve the effectiveness and efficiency of funding within Indigenous Affairs when properly implemented. The focus of the IAS on flexibility and outcomes, and the potential for long term funding agreements, are particularly welcome.

However, the implementation, processes, and communication used under the IAS thus far have been flawed, and have left many Aboriginal and Torres Strait Islander organisations uncertain of their future. The processes and transparency fell down in three areas; communication of funding cuts in the 2014-15 Federal Budget and at the time the IAS was announced; the lack of clarity, instructions and timelines during the first round of IAS funding; and the lack of communication and transparency after the IAS funding announcements.

Firstly, the 2014-15 Federal Budget announced the IAS and confirmed the consolidation of more than 150 individual programs into five new program areas. During the same Budget, funding cuts of \$534 million to Indigenous Affairs were announced, causing many Aboriginal and Torres Strait Islander organisations, communities and individuals to feel uncertain about their future.

Ultimately, the cuts in the 2014-15 Budget were made to vitally important services in Aboriginal and Torres Strait Islander communities, including \$15 million from the National Congress of Australia’s First Peoples, \$3.5 million from the Torres Strait Regional Authority, \$9.5 million from the Indigenous Languages Support Program, and around \$165 million from the Indigenous health budget. Aboriginal and Torres Strait Islander legal services were also earmarked for funding cuts, and a recent reversal of this decision has been welcomed. Despite government assurance, the cuts identified in the 2014-15 Budget were poorly communicated and will have a direct impact on frontline services from Aboriginal and Torres Strait Islander organisations.

Reconciliation Australia believes that if the Federal Government had made more information available about the IAS at the time it was announced, for example, funding allocations and the specific focus areas of different streams, many in the Aboriginal and Torres Strait Islander community would have been reassured that a clear process was being followed and that sufficient funding would still be available. As it was, the lack of information about the new IAS when it was announced began creating an environment of insecurity and uncertainty. This uncertainty was compounded by little consultation with Aboriginal and Torres Strait Islander people. When implementing changes that will have significant impacts, it is imperative that the Government consult with Aboriginal and Torres Strait Islander peoples, organisations, and communities. This did not occur for the IAS reforms, and thus far, the radical overhaul of Indigenous Affairs has been completed with little consultation or engagement with the Aboriginal and Torres Strait Islander community.

The second area of the IAS that lacked clear processes was the implementation of the first round of funding. This round of funding was implemented in a confusing manner for many

Aboriginal and Torres Strait Islander organisations. The time consuming, and therefore costly, application process resulted in organisations receiving only the level of funding they received previously, if they were to receive any at all.² Additionally, the extension of the application period created an environment of confusion for Aboriginal and Torres Strait Islander organisations. Similarly, delaying the funding announcements severely limited the ability of Aboriginal and Torres Strait Islander organisations to proceed with long-term forward planning. The mismanagement of expectations by the government has created anger and disenfranchisement amongst Aboriginal and Torres Strait Islander communities. The rapid implementation and constant changes to what is a major reform to Indigenous Affairs give the impression of 'policy on the run' and demonstrate a lack of respect for the organisations, communities and individuals for which the IAS funding is designed to benefit.

Finally, after the IAS funding had been finalised, there was poor communication and a lack of transparency from the government regarding the funding decisions. Reconciliation Australia believes there has been a lack of transparency regarding funding decisions in the following areas:

- After pressure, the Government released a list of all organisations who received IAS funding.³ However, the list of funded organisations has no information about the level of funding received, the level of funding requested, the IAS streams the funds are allocated to, or whether an organisation is an Aboriginal or Torres Strait Islander organisation.
- There has been no information released, either before or after the first round of funding, regarding how much of the money under the IAS would be allocated to each of the five streams of jobs, land and economy; children and schooling; safety and wellbeing; culture and capability; and remote Australia.
- There is little widely available information outlining what projects, funded or otherwise, sit beneath each of the five funding streams.
- In many cases, there has been little to no communication between the Department of Prime Minister and Cabinet (PM&C) and organisations regarding why their funding bids were or were not successful.

With regard to communication about funding applications, Reconciliation Australia has had reports from a number of Aboriginal and Torres Strait organisations we work with that there has been little clear communication from PM&C since the funding announcements were made, even in cases where funding bids were successful. In the case of successful bids, organisations have on occasion been given contradictory advice concerning requirements. Further, when these meetings with PM&C have occurred, communication has been at cross purposes. At these meetings successful applicants were provided with generic, abstract advice which was considered largely unhelpful, it was not entirely clear what activities were being supported under the IAS and Government officers applied pressure to organisations to commit to activities which aligned with Government priorities but which bore little connection with the actual funding application.

The lack of clear and transparent communication has been compounded when organisations have not received funding. In these cases, no feedback has been given to unsuccessful

² <http://www.sbs.com.au/news/article/2015/03/10/frustration-competitive-indigenous-funding-results-released>

³ Refer to that funding list available on the website of Prime Minister and Cabinet: <http://www.dpmc.gov.au/indigenous-affairs/grants-and-funding/funding-under-ias>

organisations, and there has been no clarity around what to improve for future funding opportunities, why applications were unsuccessful, or where to direct funding applications in order to have a higher chance of success. The 2014 Indigenous Governance Awards finalist and leading Aboriginal organisation, Giringun Aboriginal Corporation, despite lodging a thorough and well-considered application did not receive IAS funding in this round, or any feedback as to why their application was unsuccessful. This lack of communication and transparency has created an environment of uncertainty for Aboriginal and Torres Strait Islander organisations.

Recommendation 1: The Government review the decision-making processes used to allocate funding under the IAS, and where appropriate make these processes publically available. In addition, the Government should release information that shows the level of funding under each funding stream, including funded projects that sit within each of these streams.

Recommendation 2: The Government commit to contacting all IAS funding applicants to provide feedback on both successful and unsuccessful applications.

4. Empowerment of Aboriginal and Torres Strait Islander organisations

As outlined in our 2015-16 Pre-Budget Submission, Reconciliation Australia strongly recommends that the Government prioritises funding for Aboriginal and Torres Strait Islander organisations to deliver services and work within their communities.⁴ Reconciliation Australia conducts the Indigenous Governance Awards every two years to recognise successful Aboriginal and Torres Strait Islander organisations leading the way in their communities. From the Awards we know there are many professional, well-run and strategic Aboriginal and Torres Strait Islander organisations across Australia. These organisations are often the life blood of their communities, delivering critical services in ways mainstream organisations cannot. Indigenous organisations employ and train local people, provide purpose, structure and stability to their communities and empower Aboriginal and Torres Strait Islander people to take control of their own lives. Evidence shows that effective programs and policies that are created and delivered through community enfranchisement, empowerment and capacity building, ultimately lead to cost-effective and sustainable outcomes. Funding and support for Aboriginal and Torres Strait Islander led organisations are practical ways to achieve this.

Reconciliation Australia believes the IAS was an opportunity for Government to prioritise support for Aboriginal and Torres Strait Islander organisations, and to send a strong message of empowerment and self-determination for Aboriginal and Torres Strait Islander people. Ultimately, this was not the case, as it has been reported that two-thirds of the organisations funded under the IAS are non-Indigenous organisations (although an exact number of the funded organisations that are Aboriginal and Torres Strait Islander is difficult to gauge, based on the information released to date).⁵ Strong support for Aboriginal and Torres Strait Islander organisations is crucial, particularly when results show that programs delivered by Aboriginal and Torres Strait Islander people are often the most effective in overcoming Indigenous disadvantage.⁶ Unless Aboriginal and Torres Strait Islander peoples and organisations are supported and actively empowered to deliver jobs, programs, and services in their communities, we are likely to see ongoing Indigenous disadvantage.

Additionally, the new requirement for organisations receiving over \$500,000 in government funding to be incorporated under Commonwealth legislation is inflexible and fails to recognise the diversity of effective Indigenous governance models which exist across Australia. This appears contrary to the stated description of the IAS as a 'flexible program structure'. These special measures of surveillance also appear to place restrictions on Aboriginal and Torres Strait Islander organisations which are not faced by non-Indigenous organisations. When considering it is often Aboriginal and Torres Strait Islander organisations delivering progress within their communities, these special measures of incorporation appear to be arbitrary and restrictive in nature.

⁴ Reconciliation Australia 2015-16 Pre-Budget Submission. Available from: <https://www.reconciliation.org.au/wp-content/uploads/2015/02/2015-16-Pre-budget-submission-Reconciliation-Australia.pdf>

⁵ <http://www.theaustralian.com.au/national-affairs/indigenous/indigenous-advancement-strategy-funding-revealed/story-fn9hm1pm-1227277037488>

⁶ Closing the Gap Clearinghouse (AIHW, AIFS) 2013. What works to overcome Indigenous disadvantage: key learnings and gaps in the evidence 2011-12. Produced for the Closing the Gap Clearinghouse. Canberra: Australian Institute of Health and Welfare & Melbourne: Australian Institute of Family Studies.

Based on Reconciliation Australia's experience conducting the Indigenous Governance Awards over the last 10 years, we know that there are many diverse and innovative models of Aboriginal and Torres Strait Islander governance that deliver positive outcomes across Australia. These models include very effective, culturally appropriate, transparent and accountable governance mechanisms that in some cases do not fit neatly into western legislation structures or lend themselves to direct incorporation under Commonwealth legislation.

Many effective Aboriginal and Torres Strait Islander organisations are incorporated under state-based legislation or have developed innovative governance models which allow a group to operate effectively without being incorporated. In many cases the decision to not incorporate under legislation is a deliberate one to allow Indigenous organisations to operate under a true model of self-determination. For example Martumilli Artists in the East Pilbara, provide services and opportunities to over 300 artists but remain non-incorporated to reduce the administration burden on the organisation. To effectively meet their financial and administration requirements they have entered into an agreement with the Shire of East Pilbara to provide financial management and administration for the group. Similarly, the Murdi Paaki Regional Assembly in western NSW represents 16 Aboriginal Community Working Parties who determine priorities for the region and advocate for these to government agencies and service providers. The Assembly is governed by a "Charter of Governance" which, in the absence of legislative arrangements or incorporation law, provides the regulation, the goals and objectives, the functions and principles to which the Assembly operates. Despite being non-incorporated, Murdi Paaki exemplifies the innovative ways Aboriginal and Torres Strait Islander organisations work in order to deliver results in their regions. Insisting that organisations prescribe to Western standards of governance, through incorporation, ignores the many innovative ways Aboriginal and Torres Strait Islander organisations deliver results, and risks disempowering many impactful organisations.

Recommendation 3: Future funding under the IAS clearly prioritises Aboriginal and Torres Strait Islander organisations, or partnerships between Aboriginal and Torres Strait Islander organisations and non-Indigenous organisations.

Recommendation 4: IAS guidelines are revised to remove the condition that organisations receiving over \$500,000 in funding must be incorporated under Commonwealth legislation only.

5. Evidence-based decisions

Reconciliation Australia believes it is critical that funding decisions are based on evidence and evaluation. Funding decisions that are made after a transparent evaluation process are more likely to be supported, both by Aboriginal and Torres Strait Islander people and the broader Australian community. Measurement and accountability are imperative to ensure that funding is directed to Aboriginal and Torres Strait Islander organisations and programs that have both a proven track record, and who are achieving positive results in their communities.

Based on the information available to date, it is not clear on what basis and evidence the IAS funding decisions have been made. There is strong evidence to show that Aboriginal and Torres Strait Islander policies and programs require a multifaceted approach, given the interconnected and multidirectional nature of the social determinants of disadvantage.⁷ The Steering Committee for the Review of Government Service Provision, referenced by Fred Chaney, has outlined conditions for success, and suggests that not following these guidelines often results in program failure. These preconditions for success include:⁸

- Cooperative approaches between Aboriginal and Torres Strait Islander people and government;
- Community involvement in program design and decision making;
- Good governance—at organisation, community and government levels;
- Ongoing government support—including human, financial and physical resources.

Following these guidelines of good governance, governments must make decisions based on evidence, and must make this evidence available so stakeholders can evaluate the decision-making process. Again, transparency is critical in this area.

Based on the information available to date, under the IAS it is not possible for stakeholders external to PM&C to understand and evaluate the evidence used to make the IAS funding decisions. This means we are not able to assess what areas are being funded or where funding gaps may exist. Nor are we able to assess the size or significance of any potential funding gaps as it is not possible to evaluate the distribution of funds across the IAS streams. Reconciliation Australia believes that this lack of transparency for evidence-based decision making could potentially result in severe funding gaps in areas critical to Aboriginal and Torres Strait Islander peoples—culture and land.

Based on recent announcements from the Attorney-General and the funding priorities for the first round of IAS funding (of getting children to school, adults into work and building safer communities), it appears that funding for Aboriginal and Torres Strait Islander cultural strengthening and maintenance programs is a possible funding gap.⁹ On the 31 March 2015 the Attorney-General announced 'significant improvements' under the redesigned Indigenous Languages and Arts program and the Indigenous Visual Arts Industry Support

⁷ Osborne K, Baum F & Brown L 2013. What works? A review of actions addressing the social and economic determinants of Indigenous health. Issues paper no. 7. Produced for the Closing the Gap Clearinghouse. Canberra: Australian Institute of Health and Welfare & Melbourne: Australian Institute of Family Studies

⁸ Chaney, F. *The Indigenous policy experience 1960 to 2012*. In 'Better Indigenous policies: The role of evaluation, roundtable proceedings'. Productivity Commission 2013

⁹ Media Release, 'Minister Scullion: A new era of Indigenous grant funding commences'. Available from: <http://www.indigenous.gov.au/new-era-indigenous-grant-funding-commences>

program.¹⁰ Under this new funding design, 'exclusively cultural maintenance activities' would not be funded, and applicants applying for such activities are advised to 'contact the Department of Prime Minister and Cabinet to find out more about the Indigenous Advancement Strategy'.¹¹ With no clear commitment to funding cultural maintenance activities from either the IAS or the Attorney-General's department, it appears that a significant funding gap could exist.

A second possible funding gap under the IAS is support for Native Title Representative Bodies (NTRBs) and Prescribed Body Corporates (PBCs). While some NTRBs and PBCs may have received funding under the IAS, these bodies have historically lacked funding under the native title system and require a structured and sustainable funding model. It is now unclear as to how these bodies will be funded. If these bodies do not receive IAS funding, this is a significant funding gap given the importance of land and land maintenance to Aboriginal and Torres Strait Islander people.

These are just two examples of potential funding gaps which may exist under the IAS and given the information available it is not possible to empirically assess where others may exist. Similarly, as this information has not been made publically available we are unable to assess whether the IAS funding decisions have been made on the basis of solid evidence. Rigorous evidence based decisions are crucial to achieving long-lasting and effective programs, and despite the rigorous application process and the intricate program details that were required by PM&C, ultimately some funding decisions appear to have been made arbitrarily.¹²

Making the evidence on which funding decisions were made available is critical to fostering long-term solutions. Public and private citizens, organisations and communities must be empowered to hold governments accountable for their decision making. If people do not know the evidence base used to make decisions, a culture and environment of distrust and uncertainty will be continually reinforced. If this occurs, it is unlikely we will see the positive outcomes in Aboriginal and Torres Strait Islander affairs that all Australians desire.

Recommendation 5: IAS funding decisions are based on strong evidence, and this evidence is made publically available for all interested stakeholders.

¹⁰ Media Release, 'Improvements to Indigenous Arts, Languages and Culture Funding Programs'. Available from: <http://www.attorneygeneral.gov.au/Mediareleases/Pages/2015/FirstQuarter/31-March-2015-Improvements-to-Indigenous-Arts,-Languages-and-Culture-Funding-Programs.aspx>

¹¹ Ibid

¹² Refer to 'Commonwealth Indigenous Advancement Strategy tendering processes Submission 5' from Family Support Newcastle

6. Conclusion

The IAS, while it has the potential to reduce red tape and duplication and has the excellent intentions of providing outcome focused, long term funding, has thus far proven to be disempowering for Aboriginal and Torres Strait Islander organisations, communities and peoples. To date, the IAS process has not followed clear and transparent processes, has not advocated for Aboriginal and Torres Strait Islander driven services, and it is unclear how funding decisions have been made, or what evidence they were based on.

In order to improve life opportunities for Aboriginal and Torres Strait Islander people and to continue our path towards a reconciled nation, changes must be made to the IAS. There must be greater transparency and strategic thinking; clear and meaningful consultation and feedback processes; genuine engagement with Aboriginal and Torres Strait Islander organisations; and a strong commitment to empowering and funding Aboriginal and Torres Strait Islander organisations.