



**Australian Government**  
**Department of Health**

Ms Susan Cardell  
Committee Secretary  
Joint Committee of Public Accounts and Audit  
Parliament House  
CANBERRA ACT 2600  
Email: jcpaa@aph.gov.au

Dear Ms Cardell

On 15 August 2018, a public hearing was held on the inquiry into Australian Government funding. Officers from the Department of Health attended as witnesses in relation to Audit Report No. 50 (2017-18) *Primary Healthcare Grants under the Indigenous Australians' Health Programme*.

I have attached the Department's response to the follow-up question which was subsequently received from the Committee. Should you require any additional information please contact Mr Ben Sladic, Assistant Secretary, Corporate Assurance Branch, on [redacted] or via email at [redacted]

Yours sincerely

Mark Roddam  
First Assistant Secretary  
Indigenous Health Division

// October 2018

**Inquiry into Australian Government Funding: Audit Report No. 50 (2017-18)**  
**Primary Healthcare Grants under the Indigenous Australians' Health Programme**  
**Joint Committee of Public Accounts and Audit**

**Questions on Notice**

**Question:**

*Mr HILL: I have one final question, and this goes right back to the program design. I think you used the words 'optimism bias', which is not unreasonable, I suppose, when you look at how things have played out. I think we saw a similar pattern in Indigenous affairs last year, when we had an inquiry, and Mr Tongue appeared in relation to the Indigenous Advancement Strategy. There was a fairly similar pattern of optimism around time lines, and inadequate or unrealistic advice to government, ultimately, that ministers made decisions on but which has now been rectified with better performance and so on.*

*Paragraph 2.2 says:*

*The need for the advice was driven by the Government's requirement to achieve savings across the Health portfolio.*

*Paragraph 2.4 says:*

*The design of the IAHP as contained in the policy advice ... included budget savings of \$41 million over four years ...*

*Paragraph 2.5 says:*

*The advice to government did not contain details of the proposed consolidation of grant funding programs.*

*My question to the department—because the Auditor-General didn't audit the savings issue—is: were those savings of \$41 million achieved?*

*Mr Roddam: Yes, they were.*

*Mr HILL: Were all of the savings achieved through funding reduction to antismoking measures, or did some savings land elsewhere?*

*Mr Roddam: Primarily through antismoking.*

*Mr HILL: Can you take on notice and give us detail of precisely where those savings landed—antismoking and where else savings may have landed?*

*Mr Roddam: We can do that.*

In its response to this question on notice (now published on the Committee website as Submission 2.2), Health stated:

*'All savings identified to the IAHP in the 2014-15 Budget were achieved by the Department. This was realised through a reduction in activities under the Tackling Indigenous Smoking program. No front line or primary care services were reduced as a result of the savings.'*

The Committee is seeking additional information regarding this response, as follows:

- Were all of the budget savings of \$41 million over four years as part of the Indigenous Australian's Health Program (IAHP) achieved through a reduction in activities under the Tackling Indigenous Smoking program and, if so, please provide specific details on how the savings were achieved?

**Answer:**

The Department has previously provided the Senate with advice on the savings achieved through the 2014-15 Budget process for the Indigenous Australians' Health Program through answers to Senate Estimates Questions on Notice: SQ14-000908, SQ15-00259, SQ14-001191 and SQ15-000262.

In terms of the Tackling Indigenous Smoking program, Budget savings were achieved through a reduction in the number of available grants, with a focus on only offering new funding agreements to the highest performing activities from 2015-16 onwards.