

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Budget Estimates Hearing 25-29 May 2015

Prime Minister and Cabinet Portfolio

Department/Agency: Department of the Prime Minister and Cabinet
Outcome/Program: Outcome 2: Indigenous
Topic: IAS

Senator: Senator Rachel Siewert

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Question:

Senator SIEWERT: Under the same criteria, if we can. Were any of the applications approved for organisations that were in administration?

Ms Black: No.

Senator SIEWERT: Have you double checked that?

Senator Scullion: That was four "nos" in a row.

Ms Black: We will double check it. We have some, obviously. As Ms Carroll said before, we have some issues. We are working closely with them in terms of governance arrangements, but not administration to the best of my knowledge.

Ms Carroll: We will double check that.

Senator SIEWERT: Can you double check that and could you also tell me how many organisations, not the names of, but the organisations that you have some issues with in terms of their governance?

Ms Carroll: Yes.

Senator SIEWERT: I presume you have to take that on notice.

Ms Carroll: Yes.

Answer:

Through its risk and financial viability assessment processes, the Department has identified that, out of the organisations recommended for funding under the Indigenous Advancement Strategy (IAS):

- none are under administration under the *Corporations Act 2001*;
- a small number of organisations are, or have been, under Special Administration under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* (CATSI Act);
- one organisation is under administration under Co-operatives National Law (Victoria).

Special Administration under the CATSI Act

On the 24 March 2015 the Minister for Indigenous Affairs named the organisations recommended for funding through the Indigenous Advancement Strategy (IAS). As at this date, the following four organisations recommended for IAS funding were under Special Administration under the CATSI Act:

- Nauiyu Nambiyu Aboriginal Corporation (Special Administration commenced on 15 September 2014);
- Minimbah Pre-school, Primary School Aboriginal Corporation (Special Administration commenced on 24 November 2014);
- Pika Wiya Health Service Aboriginal Corporation (Special Administration commenced on 13 February 2015); and
- Mungoorbada Aboriginal Corporation (Special Administration commenced on 9 March 2015).

Since 24 of March 2015:

- Special Administration ended for Nauiyu Nambiyu Aboriginal Corporation on 5 May 2015 and Minimbah Pre-school, Primary School Aboriginal Corporation on 28 May 2015, with each organisation being returned to its respective members; and
- Special Administration commenced for Thamarrurr Regional Authority Aboriginal Corporation on 8 April 2015.

As at the 29 May 2015, the following three organisations recommended for IAS funding, were under Special Administration under the CATSI Act:

- Pika Wiya Health Service Aboriginal Corporation;
- Mungoorbada Aboriginal Corporation; and
- Thamarrurr Regional Authority Aboriginal Corporation

It is important to note that there are multiple grounds under the CATSI Act for Special Administration, including issues affecting an organisation's governance or financial management. Special Administration does not necessarily signal that an organisation is facing financial difficulty, or is about to fail, or that it should not be eligible to receive funding. If appointed under the CATSI Act, the primary objective of a Special Administrator is to rectify the identified issues and return the organisation to its members.

Administration under Co-operatives National Law (Victoria)

An administrator was appointed to the Murray Valley Aboriginal Co-operative (MVAC) in January 2015 under the Co-operatives National Law (Victoria) due to identified governance issues. The role of the MVAC's administrator is to rectify these issues, and ensure that the organisation continues to be financially viable and meet its service delivery and funding obligations. The Department's financial assessment of MVAC's audited and unaudited financial statements indicates it is in a strong financial position.

Identified governance issues

Prior to commencing negotiations, the Department conducted analysis which identified that the funding agreements for 76 organisations recommended for funding under the IAS should include clauses to mitigate risks related to governance issues. The final number of funding agreements that include such clauses is likely to change as organisations' circumstances may change during the negotiation process.