



Impact Statement

Single funding agreement

Issue Statement

The Commonwealth Department of Health [the Department] is changing the way they do business with peak bodies in the Aboriginal community controlled sector [the Sector], on who provide local policy advice on Aboriginal health and wellbeing.

The Department will hold a single funding agreement with the National Aboriginal Community Controlled Health Organisation (NACCHO): all associated contracts and communication will be between the Department and NACCHO. State/ Territory peak bodies will no longer have direct, individual contractual, relationships with the Department.

This will have an immediate impact on the services that VACCHO provides to Aboriginal community controlled organisations (ACCOs) to assist them in closing the health equity gap. The change to contractual arrangements will shift administrative costs to the Sector, reducing the revenue which enables VACCHO to assist Member ACCOs with:

- Human resources expertise advice
- Finance and business services advice
- Development of shared services (e.g. procurement, information technology)
- Expertise and support provided by VACCHO's Quality Officer
- Facilitation of members' access to policy information at the national level.

The Department will also be deprived of information from Victoria that is critical for effective policy formulation and the effective allocation of resources. The most serious long term impact of this change is that Victoria is denied the opportunity to advocate directly to national policy makers for the local needs of Aboriginal communities, and is robbed of the opportunity to develop collaborative working relationships with policy makers, which is crucial to influence the Department's decisions.

This is a unilateral decision by the Department. No negotiation or consultation has occurred between the Department and the State /Territory peak bodies. The Department has verbally notified the Sector of the intended change, but no formal notification has been provided. In addition no indication has been given of the process for negotiating key performance indicators (KPIs) or funding.

The Department has not provided a credible rationale or evidence base on which to implement this change to current contractual arrangements. No indication was given of the problem that this change is intended to solve, nor any significant benefits which would offset the loss in the Department's capacity to directly access local information on which to base their policy decisions. In fact, this decision will limit local communities' input to policy development and resource allocation, in conflict with the body of evidence that demonstrates the benefits of place-based health services and Self-determination. Furthermore, in the context of the Department's overall budget, the potential departmental savings generated by this measure are surely trivial.

The decision to change contractual arrangements is being presented to the sector as complementing recommendations made by the "Review of the roles and functions of NACCHO and the State/Territory Aboriginal and Torres Strait Islander health peak bodies" report (NOUS Consulting 2016). However, the Commonwealth has not formally accepted this review. Examination of the Sector contractual arrangements were not part of the review's terms of reference. In the review's final report, discussion of Sector funding addressed the need for a transparent funding allocation mechanism that is clear, and outcome-focused, not contractual relationships between the Department and State Peaks.

In effect, this unprecedented decision will see the lack of Victorian issues being acknowledged at the national table. It also contradicts Prime Minister Turnbull's acknowledgement of the need for government to: "Do things with us, not to us" and the bilateral endorsement of the *Statement of Intent to Address Indigenous Health Inequality* which commits:

“To ensuring the full participation of Aboriginal and Torres Strait Islander peoples and their representative bodies in all aspects of addressing their health needs”

(Close the Gap Indigenous Health Equality Summit, Canberra 2008)

Impact statement

Lack of communication to the Department of Victorian issues creates significant, ongoing reputational and financial risks for the Commonwealth Government as a result of:

- waste of Commonwealth funds due to poor policy and resource allocation decisions made by Ministers in the absence of nuanced local community information.
- failure to respond in a timely and effective way, to emerging issues in Victorian Aboriginal communities
- failure to demonstrate progress towards achieving *Closing the Gap* targets, for which the Commonwealth Government is accountable.

A single funding agreement will:

- impede direct communication of communities’ identified needs by VACCHO to national policy makers
- preclude negotiations to align VACCHO KPIs and associated ACCO support activities to address local priorities and reduce available funding for VACCHO’s and other State/Territory peak bodies’ work in supporting their Member ACCOs
- impact on local communities and State government which bears responsibility for funding hospitals and a range of other human services (e.g. children in out of home care) from poorly allocated resources.

One size does not fit all. VACCHO and our Members oppose this change and strongly believe a move to a single funding agreement, will impede progress towards health equity for Aboriginal people.

Action Statement

VACCHO is committed to challenging the Department’s decision to implement a process that blocks access to information from state and territory jurisdictions.

We have undertaken Formal Correspondence with:

- The Commonwealth Department of Health’s Departmental Secretary for Indigenous Health
- Commonwealth Parliamentarians
 - Federal Ministers for Health, Indigenous Health and Indigenous Affairs
 - Shadow Ministers for Minister for Health and Medicare, Indigenous Health, Indigenous Affairs and Aboriginal and Torres Strait Islanders and Assistant Minister for Indigenous Affairs and Aboriginal and Torres Strait Islanders
 - The Greens – portfolio holders for Health and Indigenous Affairs
 - Aboriginal and Torres Strait Islander members of the Senate and the House of Representatives
- State Parliamentarians
 - Victorian Ministers for Health and Aboriginal Affairs
 - Victorian Shadow Ministers for Health and Aboriginal Affairs

Collaboration with other State/Territory peak bodies in the Aboriginal community controlled sector: VACCHO’s CEO is currently canvassing the support of the Sector for a meeting with the Commonwealth Minister for Indigenous Health and Minister for Health to resolve the problem and mitigate risks

Face-to-face meetings with:

- Commonwealth Shadow Minister for Indigenous Health
- Victorian Shadow Minister for Health
- Senior bureaucrats representing the Victorian Health Department

VACCHO will continue its advocacy to wide audience to ensure Aboriginal Health outcomes in Victoria are not put at further risk.

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