

31 August 2023

Position Statement



Funding Reform

Background

The Aboriginal Health sector is calling for the Victorian Government to redesign the current funding models for Aboriginal Organisations. Recurrent—or at minimum 5-year—funding, combined with an outcomes-based funding approach, would lead to increased self-determination for Aboriginal Communities and organisations. This in turn will drive improved health and wellbeing outcomes for Aboriginal people living in Victoria. The current short-term funding contracts for Aboriginal health services are the wrong model for ongoing services aiming to overcome the health problems created by disadvantage. They lead to high staff turnover, feelings of job insecurity and burnout, and get in the way of planning and strategy towards better outcomes for Aboriginal Victorians.

Introduction

Poor funding models significantly undermine the ability of Aboriginal communities to exercise self-determination. Aboriginal communities and the Aboriginal Community Controlled Health Organisations (ACCHO)/Aboriginal Community Controlled Organisations (ACCO) sector need to have control over where funding is going and how money is being spent to improve outcomes.

Short-term, output-oriented funding models that are split between departments and even within departments contribute to a disconnect between the needs and priorities of Community. Immense reporting from these models takes time away from the sector's ability to deliver other critical services and programs, which undermines the efforts for self-determination.

VACCHO Position

The Victorian Government has made a whole-of-government commitment to funding reform.

As is outlined in the Department of Premier and Cabinet (DPC) *Self-Determination Reform Framework*, funding reform is essential for actualising true self-determination and requires a formalised commitment from whole-of-government to develop outcomes-focused funding agreements.



Outcomes-based approaches require recurrent or at minimum 5-year contracts. It is imperative that the Department of Health reviews all funding contracts as a forerunner, which will build momentum for all government departments.

VACCHO is calling for funding to create a tailored economic model that can determine what equitable proportion of funding is required by all health and wellbeing services offered by ACCHOs and ACCOs. VACCHO's view is that this should be 15% of funding across the entire primary health sector, noting that this should be replicated across all sectors considering population growth modelling and matched to the level of over-representation or gap in health and wellbeing outcomes. Progress in meeting investment targets should be reported through the Aboriginal Health and Wellbeing Partnership Forum (AHWPF). It is essential that accountability in meeting investment targets is met through the AHWPF.

Recommendations

RECOMMENDATION 1: Develop and implement a policy so that operational funding for Aboriginal Community Controlled Health Services delivery is recurrent or multiyear (4-year minimum) unless it meets strict criteria that justifies it being issued as a 12-month (or less) contract. This would be for existing and new funding arrangements and would include indexation.

RECOMMENDATION 2: Develop the overall plan, including detailed steps and timeline, for transitioning Department of Health funding to outcomes-based funding for ACCOs so that it:

- > aims to combine existing contracts into a single grant the ACCO can manage flexibly.
- > is based on self-determined outcomes.
- > measurably reduces the reporting burden.
- > provides adequate resources to manage the transition to outcomes-based funding. The shift of operational funding to multiyear will also include indexation.

RECOMMENDATION 3: Develop an economic model for an equitable proportion of funding to the Aboriginal health and wellbeing sector, reporting progress of investment targets through the AHWPF.

References

The Department of Premier and Cabinet. *Aboriginal Funding Reform Project Final Report*.

Victorian Department of Premier and Cabinet. *Victorian Aboriginal Affairs Framework 2018-2023*. Melbourne:

State Government of Victoria. Accessed July 26, 2021,

<https://www.aboriginalvictoria.vic.gov.au/victorian-aboriginal-affairs-framework-2018-2023>.

Department of Premier and Cabinet. *Self-Determination Reform Framework*.

https://www.vgls.vic.gov.au/client/en_AU/search/asset/1301604/0.

Aboriginal Health and Wellbeing Partnership Agreement 2023-2033

<https://www.vaccho.org.au/wp-content/uploads/2023/06/Aboriginal-Health-and-Wellbeing-Agreement-2022-2032-FINAL-22-Mar-23.pdf>

Aboriginal Health and Wellbeing Partnership Agreement Action Plan 2023-2025

https://www.vaccho.org.au/wp-content/uploads/2023/05/AHWPF-Action-Plan-2023-2025_Web.pdf