

13 April 2023

AMSANT response to discussion paper on NACCHO's Role as a 'Funds Holder'

AMSANT is not in a position to formally respond either way to the discussion paper at this time and will be putting the issue before the AMSANT Board at its meeting on 12 May.

However, we can comment on some issues and concerns that we have identified.

Firstly, it is important to acknowledge NACCHO's longstanding role as a funds holder and the inclusion in NACCHO's constitution of fund raising and funds holder roles.

We also acknowledge that NACCHO has successfully performed as a funds holder for a variety of program funds for the sector and has been effective in advocating for additional funding for the sector.

There is also advantage in building NACCHO's advocacy and policy capacity through the administrative charges on program funding received, acknowledging that at times, such as the during the pandemic, NACCHO retained much smaller amounts for these purposes.

It makes sense for all these reasons for NACCHO to be a funds holder and to continue in that role into the future. It contributes to the strength and cohesion of the sector.

However, there is also an inherent tension between the roles of a national peak body and its members (in our sector's case, with the added complication that the affiliate peaks are not members of NACCHO). The key tension is between the role of NACCHO to advocate for policy changes across the health system and the other social determinants of health on the one hand, and the role of NACCHO as a funder, on behalf of government to our sector. The more an organisation accepts funding from government the more it can be restricted in its advocacy on difficult issues with the government of the day. This tension is outlined in section two of the excellent paper recently produced by the ANU on the Voice (*Responding to Common Concerns about an Aboriginal and Torres Strait Islander Voice*, First Nations Portfolio, ANU 2023)

AMSANT has been aware of this tension for a long time and this led to the development of an AMSANT position paper in 2007 on the establishment of an Aboriginal Health Authority in the NT (AHANT) as a separate body to AMSANT. It was proposed that AHANT would receive the pooled Commonwealth and NT funding for Aboriginal PHC in the NT and become the sole funder of primary health care. It was also proposed that AHANT would be a Commonwealth Statutory body so that the responsibility for the funding of services was still a responsibility of the Commonwealth Government but there would be a level of independence through an independent board. AHANT would take over the role of the First Nations Health (FNH) in the NT in this model. AMSANT would remain as an independent policy and advocacy organisation and as a "check and balance" on AHANT itself to ensure it was performing its job appropriately.

Another example of this tension occurred with another peak body – the Public Health Association of Australia. In the late nineties the PHAA, under the Presidency of Prof Fran Baum, ran the "Friends of

Medicare Campaign” to highlight concerns about proposed changes to Medicare that meant the end of bulk billing as we know it. As a result of this campaign, the health department made the decision to defund the PHAA as a peak body and it took many years to regain funding from the Commonwealth DoH. It has been argued that since this time the willingness of PHAA to advocate on political issues that are critical to public health has been weakened.

This tension is also expressed with regard to sharing a principal funding body, the Commonwealth FNH, and the consequent need for direct relationships of various kinds between each of NACCHO, the affiliates and individual ACCHOs with the funding body.

Each of the affiliate peaks would share the experience of AMSANT and our member ACCHSs, of the need for there to be clear understanding, communication and coordination of our respective roles, particularly as these relate to funding for the sector, support provided to our member ACCHSs and advocacy to government and other funders, such as the PHNs. In the relationship between AMSANT and our members, where there is potential funding or a funds holding role it would be discussed with our Board and members and agreement sought on appropriate or preferred arrangements.

Beyond the practical aspects of the need for affiliate peaks and ACCHOs to maintain direct relationships with the Commonwealth there are also risks to the cohesion of the sector in the combining of policy and advocacy roles to government with the administering of funding for the sector in the national peak body. ATSIC provided an example of the tensions and difficulties of combining these roles. In addition to the conflict generated through ATSIC’s funds holding role, focus was also shifted from the overarching responsibility of the Commonwealth Government for funding and service provision. Indeed, the pivotal moment for our sector that secured our subsequent success was the recognition of this reality and the controversial decision to advocate for Aboriginal health funding to be removed from ATSIC and instead be delivered through the Commonwealth Department of Health. These issues are also discussed in the ANU paper in section 6 on ATSIC.

A further potential impact on sector cohesion of an increased funds holder role for NACCHO is that it could result in the loss of NACCHO’s role as advocate for ACCHOs to the Commonwealth. Currently, for example, if an ACCHO’s funding is reduced they have the option asking NACCHO to support them in negotiations with the Commonwealth funder. This situation would be reversed and indeed, the ACCHO may have to appeal to the Commonwealth about an adverse funding decision NACCHO has made. In such circumstances, ACCHOs should have the right to approach the Commonwealth directly and the Commonwealth should be able to review the decision.

Similarly, if an ACCHO or affiliate is perceived to be performing poorly or not meeting funding obligations, NACCHO will then have to manage that situation rather than work with the service to negotiate an arrangement with the Commonwealth and to explain any special circumstances which may have affected performance. There could be a situation where NACCHO has to withdraw funding from an ACCHO or affiliate for this reason.

Additional tension may also result where NACCHO is unable to explain funding decisions to the sector because they are bound by Commonwealth confidentiality requirements.

This is not to say that these roles shouldn’t be combined within NACCHO but that careful consideration needs to be given to the risks involved, including possible unintended consequences, impacts on sector cohesion as well as the strategic interests of the sector. And in the current

evolving reform landscape made possible through the Closing the Gap Agreement, our sector's long-term strategic interests are once again in play.

A further risk of NACCHO extending its role as a funds holder is the potential to contribute to possible adverse changes in the Commonwealth's agency arrangements in relation to Aboriginal health. For example, there is the potential that the Commonwealth may in future view the increasing transfer of a funds holder role from the FNH to NACCHO as a reason for cutting or abolishing the FNH. There are already current pressures on the FNH evidenced by the review of the IAHP which included a focus on the FNH's role in administering the program and the views of stakeholders as to its value. This follows the shift of grant management of Commonwealth funding to DSS. AMSANT's view is that it is critical that the Commonwealth retains a specialist Aboriginal health agency that understands our sector and is able to argue and advocate from an influential position within government for the funding and resources that our sector needs.

It could be however, that if a National Aboriginal Health Authority was established, along the same lines as the AHANT proposal from AMSANT, that this would enable the Commonwealth to fully retain its core responsibility for funding the sector but do so through a statutory body, separate to NACCHO, that could replace the need for the FNH altogether. The National Aboriginal Health Authority would be governed by a board independent to NACCHO but should include NACCHO nominated directors. It could also be argued that the role and skill set of a board overseeing a budget of more than \$1 billion and growing is different to the role and skill set of a board that needs to advocate for unmet needs, new services and programs etc.

A further risk is that an expanded funds holder role for NACCHO may result in a concentration of engagement from the Commonwealth onto NACCHO at the expense of engagement that currently occurs with the affiliate peaks and ACCHOs. It may be seen as a more efficient and easier option for government to simply deal with the national peak.

It is easy to imagine how such changes can occur over time, influenced by ongoing processes of review and evaluation. For example, the recent report on the National Sector Funding Agreement Review summarises the role of affiliates under the agreement as "jurisdictional leadership and advocacy, policy making and funding reform at the State/Territory level". As explained above, AMSANT's view is that our role is in practice not restricted to the jurisdictional level, however, documents such as the Review report have the potential to embed an inaccurate assumption to the contrary. Furthermore, in the Northern Territory, the NT Government provides a much smaller contribution to AMSANT and our sector compared to other State and Territory governments, making the Commonwealth a significantly more important funder of the sector in our jurisdiction, underlining the importance of our direct relationships and capacity for advocacy with the Commonwealth. It is also worth noting that the Review identifies the issue of tensions in the funding relationships between NACCHO and the affiliates, noting that in relation to the current agreement

"there is not an agreed and understood formula for the distribution of resources across NACCHO and Affiliates. Not having an agreed common understanding for the basis of the allocation of resources under the Agreement is causing strain in some cases".

An alternative way of framing the issues we have raised is to view them as a balancing of needs: the need for a strong and well-resourced national peak as well as jurisdictional affiliates and ACCHOs; and the need for an effective specialist Commonwealth Aboriginal health agency that can respond to

our needs and advocate persuasively within government for the increased funding and resources that we need. Funding roles and structures are a crucial component in achieving an effective balance.

We believe these issues require further discussion by the sector and that the discussion paper on NACCHO's role as a funds holder is an important and welcome first step. It is also important for AMSANT to have further discussion on these issues at a board level to see whether the original vision to ensure a separation of roles between advocacy and funding is still important or whether it is time to change this view.

This is an example of an issue that could be considered as part of a broader strategic discussion. In the interim AMSANT will provide further feedback following consideration by our Board on 12 May.