

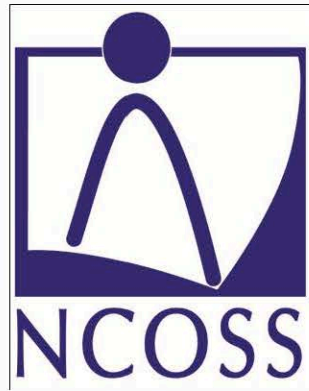
## Outsourcing Community Service Delivery

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**Date Received:** 15/05/2012



## **Submission**

### **Inquiry into Outsourcing Service Delivery**

#### **Legislative Assembly Committee on Community Services**

**May 2012**

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## 1 About NCOSS

The Council of Social Service of NSW (NCOSS) has a vision of a society where there is social and economic equity; a society based on cooperation, participation, sustainability and respect.

NCOSS was formed in 1935 by a number of organisations who, through their experiences working with people during the Great Depression, believed that more should be done to address the causes, as well as the consequences, of poverty. NCOSS was established to advocate to Government for measures that would reduce the risk of poverty as well as alleviate its consequences and to coordinate the efforts of non government organisations to that end. This remains our purpose today.

NCOSS is the peak body for the non-government community services sector in New South Wales (NSW). Through our organisational membership, NCOSS represents a vast network of service delivery, advocacy and consumer groups.

We provide independent and informed policy development, advice and review and play a key coordination and leadership role for the non-government community sector in NSW. We work with our members, the NSW Government and its departments, and other relevant agencies, towards achieving our vision for a socially just NSW.

## 2 Recommendations

1. That the NSW Community Sector Charter be recognised as an important foundation for discussion between Government and the sector about our relationship and how it might be strengthened
2. That the NSW Government and NSW Community Sector negotiate a new and effective compact modelled on the Western Australian Partnership Forum to jointly develop policy and programs to meet the needs of disadvantaged and vulnerable people and groups.
3. That the NSW Government negotiate with the NSW Community Sector a whole of Government Funding Policy that incorporates
  - Policy and program development
  - Service planning at both a statewide and regional level
  - Service procurement
  - Performance management and evaluation
4. That all service delivery contracts factor in organizational and program evaluation and that the necessary support and funding be available to do this.
5. That the Government, as part of its negotiation with the Community Sector regarding a whole of Government Funding Policy, include consideration of appropriate probity, accountability and compliance mechanisms.
6. That funding take into account the full cost of service delivery including appropriate overheads that allow for investment in the future capacity and sustainability of Community Sector organisations.



7. That attention be paid to developing the capacity of Community Sector organisations both at an organizational and at an industry level.

### **3 Structure of this submission**

NCOSS is aware that a number of organisations have made submissions that address the specific services outlined in the Inquiry's Terms of Reference. In this submission, NCOSS seeks to place the issue of service delivery in the broader context of policy development that sets out what services are necessary to address the needs of people and communities.

Our submission outlines the role of the community sector, how governments may use the expertise of the sector in developing policy and programs and how to ensure services are delivered in an effective way to improve the opportunities and wellbeing of people and communities.

### **4 Introduction**

The Community Sector is a vital and vibrant part of NSW that provides services and support to those who need it most as well as building a strong civil society. These are crucial elements for a fair and prosperous state. While a significant part of the work of the sector is funded by and carried out in partnership with Governments our role is far broader and encompasses research, advocacy and the development of innovative solutions and practice. We very much see our role as complementing the role of governments.

The role of the Community Sector in delivering services funded by, or with the support of government, is not new. In many cases, Community Sector organisations (hereafter NGOs) have provided assistance and support to people in need since 1813 when Australia's first charity, the Benevolent Society, was established. Through advocacy and demonstrated effectiveness of such services governments have over time contributed to the cost of the delivery of these services. Increasingly governments have also looked to the Community Sector to deliver services on governments' behalf because of the sector's unique capacity to deliver effective services to vulnerable and disadvantaged people.

NCOSS notes that the Inquiry Terms of Reference make specific reference to housing, disability and home care services. We would urge the Committee to take a broader view of the range of services provided by the Community Sector which include health, transport, legal, children's services, youth services, family support, education, employment, community development and advocacy. To not take into account the breadth of services may lead to conclusions that act against the diversity of the Community Sector which is one of its key strengths.

NCOSS also argues that any consideration of the devolution and outsourcing of service delivery must take into account the broader questions of policy and program development rather than the narrower questions of procurement of particular services. It is necessary, we believe, to start with considerations of what services and why before addressing the how.

## 5 The Community Sector

### 5.1 Community Sector – size and economic contribution

The Community Sector is a significant part of the broader Not-For-Profit sector (hereafter NFP sector). The Productivity Commission<sup>1</sup> recently completed a major research report into the contribution of the NFP sector and found that:

- There are about 600 000 not-for-profit organisations (NFPs)
- 59 000 are deemed economically significant,
- The sector contribution to GDP grew from \$21 billion in 1999-2000 to \$43 billion in 2006-07 (an increase of 7.7 per cent pa in real terms).
- This made up 4.1 per cent of GDP in 2006-07, up from 3.3 per cent in 1999-2000, which does not include volunteer contributions.
- Volunteers contributed \$14.6 billion in unpaid work in 2006-07 up from \$8.9 billion in 1999-2000 in nominal terms (4.3 per cent real annual average increase).
- NFPs employed 890 000 people in 2006-07, up from 604 000 in 1999-2000 (average annual growth rate of 6.7 per cent).
- Social services were the largest category of employers representing 25% of employment in NFPs

The NSW Government provides approximately \$1.5 billion p.a. in funding to 2,100 organisations<sup>2</sup> in the community sector.

### 5.2 Role of the sector

ACOSS<sup>3</sup> has listed the features and benefits of a strong, diverse and effective NFP community services and welfare sector as:

- being mission driven with surpluses reinvested back to community stakeholders rather than individual investors
- where mission and altruistic purpose generates goodwill which mobilises additional human and material resources including valuable networks and relationships
- greater trust and faster more effective engagement of marginalized individuals
- more responsive to previously unrecognized needs
- capacity to respond holistically and flexibly
- empowering for individuals and communities
- long term commitment which brings a history of knowledge, expertise and lessons learned and a constant search for understanding the structural causes of problems
- developing innovative solutions based on practice to both anticipate new needs to responding more effectively to ongoing and deep seated inequities

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<sup>1</sup>Productivity Commission 2010, *Contribution of the Not-for-Profit Sector*, Research Report, Canberra.

<sup>2</sup> Equal Remuneration Case Witness Statement of Michael Gadiel, 29 July 2011 at para 31 (accessed through <http://www.fwa.gov.au>)

<sup>3</sup> ACOSS 2009, Submission to the Productivity Commission on the Contribution of the Not-For-Profit Sector.



- building community cohesion and social capital
- contributing directly and indirectly to the economy through paid and unpaid work and by contributing to individual and community wellbeing allowing others to also contribute.

The Productivity Commission<sup>4</sup> noted the benefits of NFPs as:

- the way NFPs add value through delivery of services and the nature of their processes such as the way NFPs are organized, engage with people and make decisions
- that NFPs do things governments and for-profits won't for political, commercial and risk reasons
- centrality of relationships – leads to trust (concern that government contracts and funding undermines if seen to be just an arm of government)
- spillover effects – reduced social disadvantage, increased social inclusion, facilitating strong civil society

This demonstrates that the Community Sector has a broader role than “mere contractors” engaged in service delivery on behalf of government. They have a broader role that supports and develops resilient and vibrant communities that are the basis of a strong and prosperous state. The Community Sector is therefore vital to meeting the NSW Government's NSW 2021<sup>5</sup> targets, not only those related to the areas where the sector delivers services such as child well being, homelessness and disability but also to facilitate participation in communities, involvement in decision making and as a contributor to the economy, particularly in regional areas where the Community Sector is a significant and growing employer.

### 5.3 The NSW Community Sector Charter

The NSW Community Sector Charter (see Appendix A) has been developed by the Forum of Non Government Agencies (FONGA) and NCOSS to raise awareness of the sector's vital and invaluable contribution to society.

The Charter was endorsed by FONGA in October 2011 and we are now in the process of seeking endorsement by Community Sector organisations more broadly. NCOSS believes that the Charter is an important statement that explains the role of the Community Sector and how we function. We see the Charter as a useful basis for further developing the vitally important relationships and trust in communities throughout NSW that allows all people to access the opportunities available and to share in the prosperity that comes from a dynamic and fair society.

The Charter sets out a shared identity, vision and values for the Community Sector and points to a broader role than service delivery to include community development and advocacy.

### Recommendation

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<sup>4</sup> Productivity Commission op cit

<sup>5</sup> NSW Government, NSW 2021 A Plan To Make NSW Number One, 2011

**That the NSW Community Sector Charter be recognised as an important foundation for discussion between Government and the sector about our relationship and how it might be strengthened.**

## **6 The role of the Community Sector in policy and program development**

The role of the Community Sector goes well beyond service delivery and includes the development of research and policy, development of innovative models, capacity to advocate on behalf of and as members of the community and the support of communities more generally<sup>6</sup> as well as providing expertise and insight to government consultation processes – especially in understanding the broader context in which particular policies or programs sit.

To build on this broader capability, governments and the Community Sector have often looked to more formal and structured relationships. These have often been described in agreements or compacts setting out the principles of the relationship and how the Community Sector and governments will relate and interact on issues of mutual interest.

Such compacts between government and community sector organisations include clear statements of representation and the principles underlying respective roles and functions. They succeed best when they outline not only the areas of cooperation (where attention is focused) but also the instruments of cooperation (how the parties will address the identified priorities). Effective implementation requires time and specified resources.

### **6.1 Working Together for NSW**

Working Together for NSW<sup>7</sup> (hereafter Working Together) was an agreement between the former NSW Government and the NSW Community Sector through FONGA. Its purpose was to achieve better outcomes for individuals, families and communities and it set out as its principles for the relationship an evidence based approach, outcomes, accountability, respect, communication, independence and inclusiveness.

NCOSS as convenor of FONGA and the peak organization for the community sector was extensively involved in the negotiation and development of Working Together and its subsequent implementation. While Working Together provided some underpinning for discussions between the Community Sector and Government there were some weaknesses such as:

- There was no clearly articulated implementation plan with specific whole of government, whole of sector priorities.

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<sup>6</sup> ACOSS 2009 Submission, Reform of Australian Government Administration at p5

<sup>7</sup> Working Together for NSW – An Agreement between the NSW Government and the NSW non-government human services organisations, June 2006.



- No specific resources were allocated and so at a practical level day to day matters took priority
- Not well understood by Government or the Community Sector and so lacked political will and leadership to drive the process
- Did not engage or involve Government at a political or central agency level and so had no whole of Government imperatives or application
- Engagement tended to be driven by the annual implementation meeting rather than an overarching plan with concrete outcomes

NCOSS has called for an effective working relationship<sup>8</sup> or compact between the Community Sector and Government.

### 5.3 Western Australia – the Partnership Forum<sup>9</sup>

A more recent and arguably successful model is the Partnership Forum in Western Australia. The Partnership Forum was established by the Premier of Western Australia in 2010 and acts as a focal point for building and maintaining the relationship between the government and community sectors and fostering collaboration and innovation in policy, planning and service delivery. The Forum achieves this through bringing together an equal number of senior representatives from State Government agencies, including central agencies, and the community sector to address issues of mutual concern.

The Forum has adopted a set of Partnership Principles and Behaviours, including:

- a commitment to improve social, cultural and economic outcomes for the Western Australian community;
- a collaborative approach to decision making and working together recognising the interdependence in the delivery of community services; and
- a commitment to empowering service users in the design, planning and delivery of community services.

These principles engender a focus on community consultation on all significant issues and the engagement of citizens in the ongoing design, planning and delivery of human services.

The Partnership Forum is progressing a number of initiatives to support and strengthen the way in which services are provided including sustainable funding and contracting reforms with the Community Sector.

The idea for the Partnership Forum came out of the Economic Audit Committee (EAC) Report, Putting The Public First<sup>10</sup>. The report recognised that Community Sector organisations are efficient, cost effective providers of services and recommended the sector play a greater role in service delivery.

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<sup>8</sup> NCOSS Vote 1 Fairness in NSW March 2010

<sup>9</sup> See [www.partnershipforum.dpc.wa.gov.au](http://www.partnershipforum.dpc.wa.gov.au) and [www.wacoss.org.au](http://www.wacoss.org.au)

<sup>10</sup> West Australian Government Economic Audit Committee Report, Putting The Public First: Partnering with the Community and Business to Deliver Outcomes. 2009.

The Partnership Forum is working to fundamentally change the relationship between the public sector and the not-for-profit community sector. The goal is to create a strong and genuine partnership built on respect and a shared responsibility for building a better society for all Western Australians.

## **Recommendation**

**That the NSW Government and NSW Community Sector negotiate a new and effective compact modelled on the Western Australian Partnership Forum to jointly develop policy and programs to meet the needs of disadvantaged and vulnerable people and groups.**

## **7 Whole of government Funding Policy**

The Productivity Commission has said that NFPs, to be sustainable and effective, need sound institutional arrangements and what all businesses need

- Sound and supportive regulatory system
- Access to resources (capital and labour)
- Good relationships with stakeholders<sup>11</sup>

Furthermore, they have estimated that governments generally fund only 70% of the cost to the sector in providing services.

VCOSS<sup>12</sup> has said that sustainability of funding is necessary for consistency in service provision and has called on governments to look beyond the short term as this offers the best opportunity to develop a way forward that provides certainty and efficient use of tax payer funds. VCOSS has proposed for a five point plan comprising:

- Agreed funding formula for indexation<sup>13</sup>
- Better coordination of programs and policy across levels of government
- Reduction of red tape and compliance burden
- Streamlining of funding application processes including an agreed way to manage upfront tendering costs which can be a disincentive to smaller NGOs
- Government to fund a comprehensive study of the economic and social contribution of the community sector, jointly done with the sector, which would establish benchmarks and clear indicators of value and returns on investment from effective programs and service provision and serve to inform policy and investment decision making

NCOSS has long called for an improved policy and process for funding community sector organisation. In the NCOSS State Election Platform, *Vote 1 Fairness in NSW*<sup>14</sup> a key measure being advocated for was a sensible and whole of government

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<sup>11</sup> Productivity Commission, op cit

<sup>12</sup> VCOSS, Sustaining the Frontline, April 2012.

<sup>13</sup> In Victoria such a formula has been developed by the Allen Consulting Group

<sup>14</sup> NCOSS 2011, *Vote 1 Fairness in NSW* at page 51



funding policy that would be the subject of consultation, discussion and negotiation between Government and the community sector. Such a policy would enhance communication, reduce administrative burden and streamline time and risk management. NCOSS said the following needed to be done

- Harmonization of regulatory definitions and requirements
- Red tape reduction via information technology enabled common reporting requirements/systems
- Guaranteed consistent indexation and increases to reflect award requirements and movements
- Minimum 3-5 years funding cycles

## 7.1 NCOSS Funding Policy Principles<sup>15</sup>

Good funding policy and practice is a key component of a robust and effective relationship between government and the non-government sector. It is a pre-requisite for:

- Supporting and recognising the community services industry as viable and essential to support the people of NSW.
- Supporting strategies that strengthen and build on the existing capacity of the community services industry and its workforce to support disadvantaged people and communities, and as a vital contributor to the NSW economy.
- Reducing red tape and assisting the community services industry to enhance planning, financial management and service development to meet their own needs and objectives.

NCOSS has developed the following principles which we see as essential components of a comprehensive funding policy:-

### **Nature of Human Services**

- There is a fundamental difference between human services provided by the non government community sector and commercial services. Failure to recognise and take into account this difference will lead to poor and potentially perverse outcomes for vulnerable and disadvantaged people and their communities.
- Guarantee of service and better outcomes for clients must be the priority consideration underpinning all stages of the funding process.

### **Holistic approach**

- There is a need to understand what services, programs and processes are already in place, what changes are required and why, and what capacity there is to build on existing foundations before considering new or different

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<sup>15</sup> NCOSS Submission on the Draft DHS Procurement Policy Framework November 2010. See Appendix B

programs, funding arrangements, procurement processes and service providers etc.

- The non-government human and community services sector values its diversity, independence and collaborative approach. These attributes provide a strength that governments can better utilise to strengthen decision-making and improve effectiveness. However, these attributes can also be undermined by poor planning and consultation processes (or poorly implemented processes) and 'market'-driven procurement processes.
- Investment needs to be appropriately made across a range of intervention responses from universal, prevention, early intervention and crisis based responses. Focusing on one at the expense of the full range of responses will not work.
- There is an emerging body of evidence that prevention and early intervention can reduce the need for more costly tertiary and crisis interventions. However, it would be wrong to cease ongoing investment in crisis intervention as it is unlikely that the need for such services will be eliminated totally.

## **Planning**

- Planning across government and involving all stakeholders should take place before procurement is undertaken.
- Planning should occur on an ongoing and systematic basis and must occur at local, regional, state and national levels.
- Planning requires shared information and time to consider the implications, as well as an agreement about what information and type of information is required.
- It is important to invest time and energy in developing the skills and understanding of those involved in the planning process before it commences.
- Participation in planning processes is designed to ensure that diverse sources of expertise and experience can be taken into account. Participation in such processes must, therefore, not be seen, of itself, as giving unfair advantage or necessarily leading to potential conflict of interest in subsequent procurement processes.

## **Non-monetary considerations**

- In considering planning and procurement, non-monetary factors need to be acknowledged and valued. Measures for assessing these factors need to be developed.

## **Funding methods**

- Options are:
- Renewable funding (grants)
- One-off or time-limited project funding

- Direct negotiation/allocation
- Individualised funding (for clients)
- Open or selective tenders.
- Each funding method involves costs for the parties involved which must be taken into account in determining the appropriate funding or procurement method.
- Longer funding arrangements (three to five years) are required. This needs to be accompanied by improved processes for accountability so that any issues can be addressed in a timely way.

### **Funding procedures**

- Use of 'pre-qualification', accreditation or registration processes can reduce the need to provide organisational and governance details on every occasion, allowing the actual funding or procurement process to focus on the specifics of service delivery.
- Government staff whose role it is to consider and manage funding processes in the human and community services field should have adequate induction and ongoing training and support in working with non-government organisations to deliver outcomes for people and communities.
- Funding or procurement procedures must take into account:
  - Continuity of service provision for clients
  - Urgency of need
- Existing service provision and the potential for transition either into or out of particular funding arrangements
- Other reporting and organisational requirements that might impact on the capacity to prepare and submit tenders etc (e.g. end of financial year audits).
- The need for clear, consistent and ongoing communication, including about the timeframes involved.
- There needs to be recognition that long processes, especially without clear timelines, or delays in decisions can significantly impact on NGOs capacity to retain staff, plan, budget etc. This should be taken into account in determining the process and timelines and requires good communication and support.
- Funding agencies must have an appeals process in place and advise NGOs of their rights under such a process.

### **Funding levels**

- An investment in NGOs enhances their capacity to engage in planning and service delivery, allows for diversity and should be seen as a precondition for effective and robust program/service development and delivery. This means full cost recovery plus an appropriate portion of overhead and management costs as a minimum level of funding.

- An obligation on service providers to contribute income raised from independent sources to supplement government-funded services should be removed (a 'no contributions policy').
- Annual indexation must be built into the funding levels to properly account for cost increases. Indexation should be based on an agreed formula and known to services well in advance of the commencement of each financial year to allow for service level planning.
- Funding must reflect requirements under the relevant industry award and any changes made to the award need to be passed on in a timely manner.

### **Performance Monitoring and Evaluation**

- Non government organisations are accountable for the services they deliver. This accountability is to their clients and the community as well as funding bodies.
- Performance monitoring and evaluation needs to be ongoing and consistently applied.
- Evaluation mechanisms and service standards should be developed prior to the procurement of services. These need to include support to manage unexpected outcomes or events, processes to deal with poor performance and clear consequences for failure to improve.
- Compliance and reporting costs must be taken into account. Compliance and reporting must be useful and proportionate within and across programs ('red tape' should be avoided).

### **Recommendation**

**That the NSW Government negotiate with the NSW Community Sector a whole of Government Funding Policy based on the NCOSS Funding Policy Principles and that incorporates**

- **Policy and program development**
- **Service planning at both a statewide and regional level**
- **Service procurement**
- **Performance management and evaluation**

## **8 Service delivery contracts.**

### **8.1 Processes, outcomes and impact**

NCOSS believes that evaluation at both an organizational and system level is necessary to understand how much we did, how well we did it and did we make a difference. Such information is crucial for service and program delivery refinement, organizational development and improvement as well as informing ongoing broader policy development. However, funding and support for evaluation is often not fully provided for in service delivery contracts.



There is a lack of consistent, common and relevant data available to the Community Sector to inform its work and conflicting requirements on NGOs regarding the collection of data under service delivery contracts.<sup>16</sup> While noting that the soon to be established national NFP regulator, the Australian Charities and Not-for-Profit Commission (ACNC) intends to undertake work to develop a framework for consistent, common and relevant data collection, this will require bipartisan support and leadership from Commonwealth, State and Territory Governments and be done in conjunction with the sector.

### **Recommendation**

**That all service delivery contracts factor in organizational and program evaluation and that the necessary support and funding be available to do this.**

### **8.2 Probity, accountability, compliance**

The NSW Commission of Audit has noted that there is “an ongoing shortage of staff across the (public) sector skilled in project management and management of third party delivery contracts. These capabilities are becoming increasingly important to the sector with the further devolution of service delivery to private and not-for-profit organisations”<sup>17</sup>. NCOSS sees that such capabilities are essential to ensure the best outcomes from service delivery contracts entered into by Community Sector organisations.

The Community Sector is not opposed to necessary probity, accountability and compliance measures but seeks some balance and proportionality in the requirements contained in service delivery contracts.

Onerous requirements can take away from the capacity to deliver services. A recent survey conducted by BNG NGA<sup>18</sup> found that the time taken by NGOs to comply with various Quality Service Standards imposed by funding agreements costs the sector nationally \$100m a year in compliance costs. As a participant in an ACOSS consultation commented “contract reporting requirements generate a lot of heat without shedding much light”.

Costs of compliance not covered fully or at all, changes to compliance standards within the term of a contract are often not factored in.

The Community Sector has argued that probity, accountability and compliance measures be developed in conjunction with the sector and that they be relevant and proportionate to the risks involved and the scale of the organisations involved.

### **Recommendation**

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<sup>16</sup> ACOSS, Improving Community Sector Effectiveness and Priorities for Reducing Red Tape, 2011.

<sup>17</sup> NSW Commission Of Audit, Interim Report – Public Sector Management at p98

<sup>18</sup> BNG NGA is a consultancy that specializes in the management, governance and operations of not-for-profit organisations. In collaboration with NCOSS and the community sector, they have conducted a national survey on the time taken by NGOs to comply with various Quality Service Standards imposed by funding agreements. See <http://managementsupportonline.com>

**That the Government, as part of its negotiation with the Community Sector regarding a whole of Government Funding Policy, include consideration of appropriate probity, accountability and compliance mechanisms.**

### 8.3 funding and procurement

In its research report on the Contribution of the Not-For-Profit sector, the Productivity Commission noted that overheads were seen as bad by funders but this then leads to underinvestment in planning and evaluation. Likewise while a shift to competitive tendering has seen some greater transparency and some improved efficiency it has also meant greater prescription of how NGOs are to function and deliver services which in turn reduces some of benefits of the Community Sector particularly their capacity to work collaboratively with other NGOs, share ideas and best practice and innovate.

There is also no doubt that funding has consequences for staff attraction and retention and failure to fund for the full cost of service delivery means there is little investment in the ongoing sustainability of NGOs.

NCOSS is aware of many examples where decisions about recurrent funding are not made in a timely manner resulting in uncertainty for clients and staff. Similarly delays in payments are quite common and for some services can create particular problems with cash flow. For example, the Tenancy Advice & Advocacy Program services, have only just received their indexation payments for the current financial year putting pressure on the services in terms of paying their bills and in planning their services.

NCOSS supports contracting processes that recognize demonstrated performance, minimal time requirements, minimal disruption to clients and valuing service and community connections.

#### **Recommendation**

**That funding take into account the full cost of service delivery including appropriate overheads that allow for investment in the future capacity and sustainability of Community Sector organisations.**

### 8.4 capability frameworks

In considering the future of Community Housing in NSW a literature review showed that international research found a key element of growth was a result of an industry system or network, not just the growth of individual community housing organisations. The capacity of the network overall was as important as individual organizational capacity. The traditional models of capacity building have tended to focus on organizational capacity but this suggests that there is also much to be gained by building network or industry capacity.

#### **Recommendation**

**That attention be paid to developing the capacity of Community Sector organisations both at an organizational and at an industry level.**



## 9 Conclusion

NCOSS welcomes this opportunity to contribute to the Inquiry. The NSW Community Sector is a vitally important part of our society and contributes much to the overall wellbeing of people in this state. NCOSS asks that the Committee consider the breadth and diversity of the sector and make recommendations that will allow the Community Sector to continue its necessary and important work in delivering opportunities and an improved quality of life for all people in NSW.

### APPENDICES

- A. The NSW Community Sector Charter
- B. NCOSS Submission on the Draft DHS Procurement Policy Framework



# The New South Wales Community Sector Charter

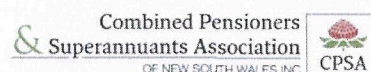
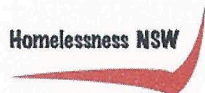
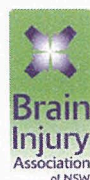
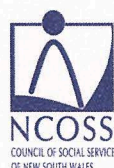
*Endorsed by the Forum of Non Government Agencies  
on 7 October 2011*



[www.ncoss.org.au/charter](http://www.ncoss.org.au/charter)



## The NSW Community Sector Charter is endorsed by





*Note: Logos last updated 16 April 2012*



## **Purpose of the Charter**

*This Charter has been prepared to define and communicate to other sectors of society (governments, business and the broader community) what the community sector is, and to raise awareness of its vital role and invaluable contribution to society.*

*The Charter promotes a unified community sector by presenting a shared identity, vision and values. It is intended to empower community organisations across NSW by providing a vehicle for asserting a strong collective voice, and in doing so, increase our influence towards achieving our vision of a fair and just society for all.*

*The development of this document is an initiative of the Forum of Non Government Agencies (FONGA) which is comprised of state-wide community peaks, regional and state wide organisations, and is convened by the Council of Social Service of NSW (NCOSS).*

## **The New South Wales Community Sector Charter**

### **The Community Sector**

The Community Sector works to promote community and individual well-being.

We

- work for change so that everyone has a fair go
- strengthen communities and individuals to take charge of their own future
- provide practical support so people achieve their full potential

We

- use our resources efficiently and solely for our work and the communities we work with
- are independent of government and commercial interests
- strive to be ethical, accountable and professional

### **Who we are**

The Community Sector is made up of service delivery, community development, social justice and advocacy organisations operating across a range of areas including health, housing, homelessness, employment and education, disability, aged care, services for children, young people and families, Aboriginal affairs, multicultural affairs, and justice.

Our sector is made up of organisations that are diverse in size and scale, ranging from small voluntary groups to large national organisations. Organisations operate in neighbourhoods, local communities, regions or across the whole state. Some focus on areas of specialist service delivery or advocacy while others engage with a broader range of issues.

## **A Shared Vision for the Community Sector**

The NSW Community Sector strives for a fair and just society for everyone.

We do this by:

- supporting communities to build skills and find solutions;
- providing effective and inclusive services; and
- reducing disadvantage in our society through advocacy

Together we will build and promote a Community Sector comprised of organisations that are committed to shared values and is strong and sustainable.

## **Shared Values for the Community Sector**

We value:

1. Human rights
2. Individual and community well-being
3. Diversity
4. Aboriginal and Torres Strait Islander self-determination
5. Cooperation and participation
6. Excellence
7. Independence
8. Inclusion
9. A sustainable environment

### **1. We uphold and advance fundamental human rights.**

- ☐ All people have the right to freedom, justice and equality.
- ☐ We aspire to – and work towards – a fair and just society for all.
- ☐ We believe that all people in NSW must have access to decent standards of health, education, housing, safety and economic and social wellbeing.



## **2. We share a commitment to advancing the well-being of individuals, communities and society as a whole.**

- ☐ Through direct service delivery, community development and advocacy, we seek to help everyone achieve their full potential.
- ☐ We recognise that individual disadvantage affects whole communities and we strive to enable communities to support and sustain people.
- ☐ We seek to influence public policy and practice to overcome systemic and other barriers to individuals and communities achieving a fair go.

## **3. We embrace all forms of diversity.**

- ☐ We strive to understand – and respond appropriately to – the needs of individuals and communities with whom we work.
- ☐ We welcome informed debate and differences of opinion and approach, among people who access our services, stakeholders or organisations within our sector.
- ☐ We believe that by considering different perspectives and experiences we are better placed to make good decisions about what we need to do.

## **4. We stand for self determination and an end to disadvantage for Aboriginal and Torres Strait Islander peoples.**

Aboriginal and Torres Strait Islander people are the traditional owners of the land.

- ☐ We seek to redress the inequities between the wellbeing of Aboriginal communities and other communities.
- ☐ We work with Aboriginal peoples and organisations to achieve Aboriginal self determination where Aboriginal people are in charge of their own decisions and have ownership of their services.

## **5. We believe in cooperation.**

- ☐ We work together with other organisations across our sector and beyond to develop and deliver the best results for people in our communities.
- ☐ Working together means we can utilise specialist and different skills to resolve issues and address needs.

## **6. We value excellence.**

- ☐ We strive towards excellence in what we do, to deliver high quality services and to continually review and improve.
- ☐ We value the commitment, knowledge and skills of workers within our sector. Our volunteers and paid workers are vital to the work we do and enrich our governance.
- ☐ People in our sector are characterised by their professionalism, qualifications, expertise and breadth of experience which they use to ensure the best possible outcomes for people and communities.
- ☐ We are committed to supporting and developing our sector, our organisations, our volunteers and our paid workers so they can meet the changing needs of communities and the people who access our services.

## **7. We affirm the importance of our autonomy from government and commercial interests to maintain diverse voices and approaches within a democratic society.**

- ☐ Our independence from government is one of our strengths. Within this context we strive for mutually beneficial and fair relationships with government.
- ☐ We are united by our emphasis on people, rather than profit and play a vital role in supporting and empowering the most vulnerable people and communities.

## **8. We work towards a society where all people are valued and respected and where each person has a fair standard of living that enables them to participate fully in community life.**

- ☐ We value the voices of the communities we work with and people who use our services.
- ☐ We seek participation from communities, and people who use our services in identifying needs and developing solutions.
- ☐ We identify and work to remove barriers that prevent people from participation in decisions affecting them and making the most of their opportunities.

## **9. We believe that individual and community wellbeing is enhanced and supported by promoting a sustainable environment.**

- ☐ We work to ensure that our activities and behaviour support the sustainability of our environment for current and future generations.



## **How the Community Sector makes a difference**

The Community Sector has a positive impact on NSW society and plays a vital role in the delivery of important services. The sector's contribution is far reaching and includes:

- promoting a fairer, more tolerant society through advocacy, by raising awareness of disadvantage and injustice and by proposing solutions;
- encouraging participatory democracy by fostering community involvement in our organisations and in broader systems and processes;
- developing strong, cohesive, self-reliant communities by bringing people and groups together;
- building the skills base of the community through development work with volunteers, workers, communities and people who use our services; and
- undertaking work that may not be commercially viable, delivering needed services to people who would otherwise not have access to them.

**Our role in service delivery** includes:

- applying specialised knowledge and expertise to meet the needs of particular groups within our society;
- working closely and collaboratively with communities and people who access our services to ensure they meet real needs;
- exercising flexibility and innovation in our practices;
- learning from our experiences and adapting our approach to deliver better outcomes;
- providing cost-effective services focusing on public benefit rather than economic returns;
- protecting and embracing diversity, including differences of approach or opinion within our sector.

## **Strengthening our collective influence on Government and the Community**

A strong, united voice allows the Community Sector to effectively advance necessary change to achieve a fairer and more just society.

To achieve this, we will develop:

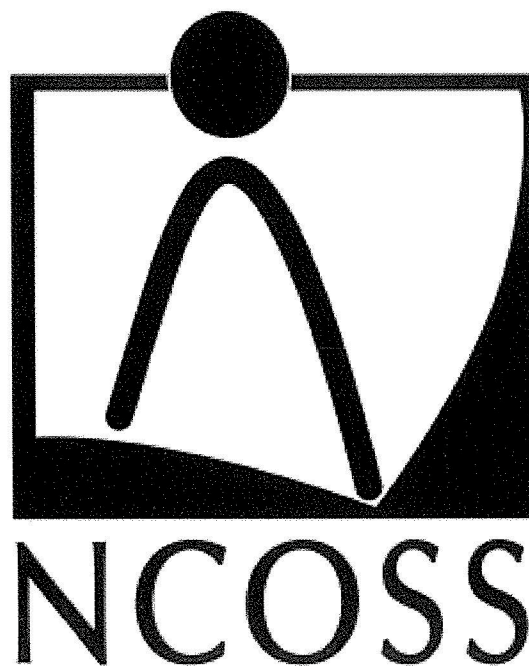
- mechanisms to prioritise issues of importance and shared positions through cross-sector engagement and robust interaction;
- strategies to gather credible information and evidence to inform our decisions and to support our positions;
- fluid participation and advocacy mechanisms, reflecting the diversity of our organisations and their users, to represent positions relating to smaller subgroups and particular issues;
- peak organisations to represent constituent organisations and build expertise; and
- communication and marketing strategies and tools to help us present our messages effectively.

## The NSW Community Sector Charter is endorsed by

- |  |   |
|--|---|
| 1. Aboriginal Child, Family & Community Care State Secretariat | 36. Local Community Services Association                    |
| 2. ACON  | 37. Mental Health Association NSW Inc                       |
| 3. Aged & Community Services Association NSW & ACT             | 38. Mental Health Co-ordinating Council Inc                 |
| 4. Aged Care Rights Service                                    | 39. Mid North Coast Regional Council for Social Development |
| 5. Albury Wodonga Community Network Inc                        | 40. Mission Australia – NSW State Office                    |
| 6. Alzheimer's Australia NSW                                   | 41. Network Of Alcohol & Other Drug Agencies                |
| 7. Anglicare Sydney  | 42. Northcott Disability Services                           |
| 8. Association Of Children's Welfare Agencies                  | 43. Northern Rivers Social Development Council              |
| 9. Australian Red Cross  | 44. Northside Community Forum Inc                           |
| 10. Baptist Community Services - NSW & ACT                     | 45. NSW Association for Youth Health                        |
| 11. Barnardos Australia  | 46. NSW Community Transport Organisation                    |
| 12. Benevolent Society   | 47. NSW Council For Intellectual Disability                 |
| 13. Brain Injury Association NSW Inc                           | 48. NSW Family Services Inc                                 |
| 14. Cancer Council NSW   | 49. NSW Federation of Housing Associations Inc              |
| 15. Carers NSW Inc   | 50. NSW Meals On Wheels Association Inc                     |
| 16. Catholic Community Services                                | 51. NSW Women's Refuge Movement                             |
| 17. Catholic Social Services NSW/ACT                           | 52. Older Women's Network NSW Inc                           |
| 18. Central Coast Community Council                            | 53. Physical Disability Council NSW                         |
| 19. Centre for Volunteering, The                               | 54. Public Interest Advocacy Centre                         |
| 20. Combined Pensioners & Superannuants Association Of NSW Inc | 55. Quality Management Services                             |
| 21. Community Child Care Co-operative Ltd                      | 56. Salvation Army, The                                     |
| 22. Community Connections Solutions Australia                  | 57. SDN Children's Services Inc                             |
| 23. Community Legal Centres NSW                                | 58. Sector Connect  |
| 24. Council of Social Service of NSW                           | 59. Settlement Services International                       |
| 25. Disability & Aged Information Service Inc                  | 60. Shelter NSW   |
| 26. Early Childhood Australia                                  | 61. St Vincent de Paul Society                              |
| 27. Ethnic Communities Council of NSW Inc                      | 62. Tenants' Union Of NSW Co-op Ltd                         |
| 28. Family Planning NSW  | 63. UnitingCare NSW ACT                                     |
| 29. Homelessness NSW   | 64. Welfare Rights Centre                                   |
| 30. Illawarra Forum Inc  | 65. Wesley Mission  |
| 31. Inner South West Community Development Organisation        | 66. Western Sydney Community Forum                          |
| 32. Inner Sydney Regional Council                              | 67. Women's Health NSW                                      |
| 33. Integricare  | 68. Workers Health Centre                                   |
| 34. KU Children's Services                                     | 69. Y Foundations   |
| 35. Life Without Barriers                                      | 70. Youth Action & Policy Association NSW Inc               |

*Note: List last updated 16 April 2012*

# **Submission on the Draft DHS Procurement Policy Framework**



**November 2010**

**Council of Social Service of NSW (NCOSS), 66 Albion Street, Surry Hills 2010**

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## **NCOSS Recommendations**

1. That DHS engage with NCOSS and the sector to discuss and develop a consistent whole of Government Funding Policy that is broader than procurement.
2. That the draft framework makes explicit reference to, and be underpinned by, the objectives and principles outlined in *Working Together*.
3. That all DHS funding agreements be based on the common principles proposed in the report, *A Question of Balance*.
4. Reasons or characteristics when contract for services, individualised/client directed funding and renewable funding be considered as funding allocation methods be developed
5. The term individualised or client directed funding should be used in preference to individual funding

## **1. About NCOSS**

The Council of Social Service of NSW (NCOSS) provides independent and informed policy development, advice and review and plays a key coordination and leadership role for the non government social and community services sector in New South Wales. NCOSS works with our members, the sector, the NSW Government and its departments and other relevant agencies on current, emerging and ongoing social, systemic and operational issues.

NCOSS has a vision for a society where there is social and economic equity, based on co-operation, participation, sustainability and respect.

NCOSS membership is composed of community organisations and interested individuals.

Affiliate members include local government councils, business organisations and Government agencies. Member organisations are diverse, including unfunded self-help groups, children's services, youth services, emergency relief agencies, chronic illness and community care organisations, family support agencies, housing and homeless services, mental health, alcohol and other drug organisations, local indigenous community organisations, church groups, peak organisations and a range of population-specific consumer advocacy agencies.

## **2. Introduction**

NCOSS has long called for an improved policy and process for funding non government social and human service organisations (NGOs). In the NCOSS State Election Platform, *Vote 1 Fairness in NSW*<sup>1</sup>, a key measure being advocated for is a sensible and whole of NSW Government funding policy. NCOSS is calling for a funding policy that is the subject of consultation, discussion and negotiation between Government and the sector that applies consistently across Government. As part of this NCOSS advocates that such an approach include:-

- harmonisation of regulatory definitions and requirements.
- Red tape reduction through information technology enabled common reporting requirements/systems.
- Guaranteed, consistent indexation and increases to reflect award requirements and movements.
- Minimum 3-5 years funding cycles

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<sup>1</sup> Vote 1 Fairness in NSW, NCOSS 2011 at page 51 <http://www.ncoss.org.au/vote1fairness/Vote-1-Fairness-in-NSW.pdf>

For NCOSS, a whole of government funding policy is about more than the contractual arrangements and the process of procurement. Procurement Policy is only one part of a comprehensive funding policy. A comprehensive funding policy would take into account and incorporate the following stages

- Policy and program development
- Service planning at both a statewide and regional level
- Service Procurement
- Performance management and evaluation

Understanding what outcomes we are seeking and why we are proposing particular services or programs is as important as the questions of by whom, how and where. By considering all elements rather than each stage in isolation we can enhance outcomes for people and communities, assist governments meet their social policy objectives and strengthen the capacity of NGOs to deliver high quality services that meet community needs.

The benefits of a whole of Government Funding Policy are a sustainable community sector that is able to provide effective services and programs to tackle entrenched disadvantage and social exclusion and improve the outcomes for low income and vulnerable people.

The draft DHS Procurement Policy Framework covers only one of the elements that NCOSS argues is necessary for a comprehensive funding policy. NCOSS believes that without some understanding of DHS' views on the other elements of a holistic funding policy and how they relate specifically to procurement it is difficult to adequately comment on the draft framework. There is also a concern that by focusing on procurement, the draft policy framework emphasises narrow logistical matters of "costs" and "processes" over a broader consideration of better outcomes for people and communities.

### **Recommendations**

1. That DHS engage with NCOSS and the sector to discuss and develop a consistent whole of Government Funding Policy that is broader than procurement.

## **3. Working Together For NSW**

'*Working together for NSW*' (hereafter, *Working Together*) is an agreement between the NSW Government and NSW non-government human services organisations.<sup>2</sup> Its purpose is to achieve better outcomes for individuals, families and communities<sup>3</sup> and it sets out as principles for the relationship an evidence based approach, outcomes, accountability, respect, communication, independence and inclusiveness. It also sets out the following

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<sup>2</sup> Working Together for NSW – An Agreement between the NSW Government and NSW non-government human services organisations . Jointly published by the NSW Department of Community Services and the Forum of Non Government Agencies, June 2006.

<sup>3</sup> Ibid page 6



principles to 'enhance the quality of processes and outcomes in the funding relationship between government and non-government organisations'<sup>4</sup>:

1. Value for money
2. Fairness, integrity and transparency
3. Cooperation
4. Diversity
5. Consistency
6. Probity
7. Coordination.

These principles must be viewed in light of the overall principles set out in *Working Together*. NCOSS contends that any funding policy, or any policy relating to what NCOSS argues are fundamental elements of a comprehensive funding policy, must be explicitly based on the objectives and principles outlined in *Working Together*.

### **Recommendations**

2. That the draft framework makes explicit reference to, and be underpinned by, the objectives and principles outlined in *Working Together*.

## **4. Good Funding Policy and Practice**

In July 2006 the Council of Social Service of NSW released its paper, *Working together for NSW: good funding policy and practice*<sup>5</sup>, and it makes the following points about each (funding) principle articulated in *Working Together*.

### **1. Value for money**

- Seeking value for money should not be the only overriding principle. The focus should be on the best possible outcomes for people and communities.
- Stability for people and communities accessing services must also be taken into account.
- 'Community sector assets' such as access to networks, expertise, an ability to promote equality and social inclusion, local knowledge and long-term collaboration should be acknowledged and valued.
- The ability of the NGO sector to respond quickly to community needs and to have flexibility should be valued.
- The costs of funding applications need to be taken into account, as well as the costs of short-term funding arrangements.

### **2. Fairness, integrity and transparency**

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<sup>4</sup> Ibid page 6

<sup>5</sup> <http://www.ncoss.org.au/hot/compact/Working-Together-good-funding-jul06.pdf>

- It is important to involve stakeholders upfront in local, regional and state-wide integrated planning. A need to share information and data may need to be addressed.
- Planning of services should be separated from procurement.
- A clear communication strategy should be utilised upfront:
  - What is the program is about, what is its purpose and how does it fit with other programs?
  - Who is eligible to apply for funding?
  - What are the selection criteria and how are they weighted?
  - What timeframe is involved?
  - Performance and accountability procedures should be clear and proportionate.

### **3. Cooperation**

- Both government and NGOs want the same outcomes for people and communities, and must be willing to work together to achieve that.
- Joint planning, research, training and evaluation procedures may be necessary.
- Clear and timely communication channels (two way) are essential.

### **4. Diversity**

- Diversity takes into account different clients' needs and different service providers.
- We need to ensure that no one type of service or service provider dominates the system –a 'one size fits all' approach should be avoided where it would lessen the likelihood of individual and community needs being met.
- Measures to assess diversity need to be developed.
- Diversity doesn't always translate into support for 'new entrants'.
- It is important to ensure support for existing services (especially small to medium-sized) to avoid unintended barriers to individual and community outcomes.

### **5. Consistency**

- Consistency is required across government agencies.
- Procedures should be communicated clearly.
- Integrated planning processes are critical.
- Consistency of applications should take into account the scale of organisations or programs.

### **6. Coordination**

- Planning and integration comes first.
- Collaborative processes aid coordination, and build trust and lasting relationships – and they need to be supported/facilitated.

### **7. Probity**

- 'Probity' does not preclude transparency.
- Information about procedures should be clear and publicly available.

## **5. NCOSS Funding Policy Principles**

Good funding policy and practice is a key component of a robust and effective relationship between government and the non-government sector. It is a pre-requisite for:

- Supporting and recognising the community services industry as viable and essential to support the people of NSW.
- Supporting strategies that strengthen and build on the existing capacity of the community services industry and its workforce to support disadvantaged people and communities, and as a vital contributor to the NSW economy.
- Reducing red tape and assisting the community services industry to enhance planning, financial management and service development to meet their own needs and objectives.

NCOSS has developed the following principles which we see as essential components of a comprehensive funding policy:-

### **5.1 Nature of Human Services**

- There is a fundamental difference between human services provided by the non government community sector and commercial services. Failure to recognise and take into account this difference will lead to poor and potentially perverse outcomes for vulnerable and disadvantaged people and their communities.
- Guarantee of service and better outcomes for clients must be the priority consideration underpinning all stages of the funding process.

### **5.2. Holistic approach**

- There is a need to understand what services, programs and processes are already in place, what changes are required and why, and what capacity there is to build on existing foundations before considering new or different programs, funding arrangements, procurement processes and service providers etc.
- The non-government human and community services sector values its diversity, independence and collaborative approach. These attributes provide a strength that governments can better utilise to strengthen decision-making and improve effectiveness. However, these attributes can also be undermined by poor planning and consultation processes (or poorly implemented processes) and 'market'-driven procurement processes.
- Investment needs to be appropriately made across a range of intervention responses from universal, prevention, early intervention and crisis based responses. Focusing on one at the expense of the full range of responses will not work.
- There is an emerging body of evidence that prevention and early intervention can reduce the need for more costly tertiary and crisis interventions. However, it would be wrong to cease ongoing investment in crisis intervention as it is unlikely that the need for such services will be eliminated totally.



### **5.3. Planning**

- Planning across government and involving all stakeholders should take place before procurement is undertaken.
- Planning should occur on an ongoing and systematic basis and must occur at local, regional, state and national levels.
- Planning requires shared information and time to consider the implications, as well as an agreement about what information and type of information is required.
- It is important to invest time and energy in developing the skills and understanding of those involved in the planning process before it commences.
- Participation in planning processes is designed to ensure that diverse sources of expertise and experience can be taken into account. Participation in such processes must, therefore, not be seen, of itself, as giving unfair advantage or necessarily leading to potential conflict of interest in subsequent procurement processes.

### **5.4. Non-monetary considerations**

- In considering planning and procurement, non-monetary factors need to be acknowledged and valued. Measures for assessing these factors need to be developed.

### **5.5. Funding methods**

- Options are:
  - Renewable funding (grants)
  - One-off or time-limited project funding
  - Direct negotiation/allocation
  - Individualised funding (for clients)
  - Open or selective tenders.
- Each funding method involves costs for the parties involved which must be taken into account in determining the appropriate funding or procurement method.
- Longer funding arrangements (three to five years) are required. This needs to be accompanied by improved processes for accountability so that any issues can be addressed in a timely way.

### **5.6. Funding procedures**

- Use of 'pre-qualification', accreditation or registration processes can reduce the need to provide organisational and governance details on every occasion, allowing the actual funding or procurement process to focus on the specifics of service delivery.
- Government staff whose role it is to consider and manage funding processes in the human and community services field should have adequate induction and ongoing training and support in working with non-government organisations to deliver outcomes for people and communities.
- Funding or procurement procedures must take into account:
  - Continuity of service provision for clients
  - Urgency of need

- Existing service provision and the potential for transition either into or out of particular funding arrangements
- Other reporting and organisational requirements that might impact on the capacity to prepare and submit tenders etc (e.g. end of financial year audits).
- The need for clear, consistent and ongoing communication, including about the timeframes involved.
- There needs to be recognition that long processes, especially without clear timelines, or delays in decisions can significantly impact on NGOs capacity to retain staff, plan, budget etc. This should be taken into account in determining the process and timelines and requires good communication and support.
- Funding agencies must have an appeals process in place and advise NGOs of their rights under such a process.

### **5.6. Funding levels**

- An investment in NGOs enhances their capacity to engage in planning and service delivery, allows for diversity and should be seen as a precondition for effective and robust program/service development and delivery. This means full cost recovery plus an appropriate portion of overhead and management costs as a minimum level of funding.
- An obligation on service providers to contribute income raised from independent sources to supplement government-funded services should be removed (a 'no contributions policy').
- Annual indexation must be built into the funding levels to properly account for cost increases. Indexation should be based on an agreed formula and known to services well in advance of the commencement of each financial year to allow for service level planning.
- Funding must reflect requirements under the relevant industry award and any changes made to the award need to be passed on in a timely manner.

### **5.7. Performance Monitoring and Evaluation**

- Non government organisations are accountable for the services they deliver. This accountability is to their clients and the community as well as funding bodies.
- Performance monitoring and evaluation needs to be ongoing and consistently applied.
- Evaluation mechanisms and service standards should be developed prior to the procurement of services. These need to include support to manage unexpected outcomes or events, processes to deal with poor performance and clear consequences for failure to improve.
- Compliance and reporting costs must be taken into account. Compliance and reporting must be useful and proportionate within and across programs ('red tape' should be avoided).

## 6. Contracts

The funding process results in a contract between the funding body and an NGO. NCOSS endorses the common principles proposed in the report, *A Question of Balance*,<sup>6</sup> as a way to ensure the principles and processes outlined above are reflected in the contract between the parties.

### Recommendations

3. That all DHS funding agreements be based on the common principles proposed in the report, *A Question of Balance*.

## 7. Draft DHS Procurement Framework

NCOSS has used the aforementioned positions and principles in analysing and commenting on the draft DHS Procurement Framework.

- NCOSS is concerned that the framework focuses on narrow logistical considerations with no reference to the preceeding policy and program development processes that will have taken place. It is our view that proper attention and priority to policy development, program development and planning will improve the quality of procurement of services and the outcomes that they will achieve.
- The framework in setting out its purpose prioritises economic considerations over social outcomes. This is further reinforced by referencing various Government policies and processes with minimal reference to collaborative efforts with NGOs, especially the principles of *Working Together*.
- The framework does not give recognition to human services being fundamentally different to other goods and services and that these differences mean that competitive processes are not always the best or most appropriate method to deliver the outcomes sought.
- The framework requires DHS agencies to develop a policy for their specific operations but does not set out clearly what are mandated standards and where differences in approach are allowed.
- Under objectives a further objective “to encourage collaboration and partnership between NGO service providers” should be added.
- The framework sets out 4 “broad processes”, funding allocation, contract for services, individualised/client directed funding and renewable funding. NCOSS is concerned that

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<sup>6</sup> A Question of Balance: Principles, Contracts and the Government – Not for profit Relationship, Public Interest Advocacy Centre, the Whitlam Institute, the Social Justice & Social Change Research Centre, University of Western Sydney. July 2009 [09.07.31 A Question of Balance | Public Interest Advocacy Centre](#)



this categorization is confusing with some overlap especially between funding allocation, contract for service and renewable funding. NCOSS would recommend that “funding allocation” be used to describe the overall process with direct allocation, tendering, individualised/client directed and renewable be options within this.

## **Recommendations**

4. Reasons or characteristics when contract for services, individualised/client directed funding and renewable funding be considered as funding allocation methods be developed.

- The framework sets out when particular processes may be considered using a range of factors. It is not clear whether only one factor needs to be considered or whether multiple factors are required (i.e. is it “and” or “or” for the factors listed)
- All funding agreements are contracts. It is therefore confusing to use “contract for service” as a particular method of procurement. When the description of this is read (at page 4) it actually seems to be about time limited or specific projects.
- Direct allocation is said to only be used when it is demonstrated that the provider will achieve the service outcomes, meet the needs of clients and be cost effective but no definition is given of how cost effectiveness will be determined. NCOSS would be concerned if this was to be based purely on cost or unit cost.
- While there may be circumstances where Governments/Ministers direct particular courses of action, NCOSS is concerned that this would be inconsistent with the principles of probity, accountability and transparency and would undermine the basis of having such a framework in the first place. NCOSS would argue that a strong and robust whole of government funding policy would negate the need for Government or Ministerial direction in particular circumstances.
- “Tendering” is used both within funding allocation and contract for services. This is confusing, and if NCOSS recommendation is accepted to restructure this part of the framework, unnecessary.
- The term individualised or client directed funding should be used in preference to individual funding

## **Recommendations**

5. The term individualised or client directed funding should be used in preference to individual funding

- Individualised funding is to be used when there is a well developed market for service provision but how this is to be assessed is not clear.

- NCOSS has called for increased funding for self directed support, the extension of self managed options in all disability program areas and a streamlining of individualised funding programs into one system<sup>7</sup>
- The table at Appendix A shows that for different procurement processes there are significantly overlapping criteria which gives no clear indication as to which method should be used.

## **8. Conclusion**

NCOSS believes that this framework is a useful start to the development of a whole of government funding policy that will improve the outcomes for people and communities in NSW while ensuring probity, transparency and accountability for Government and the ongoing sustainability and effectiveness of NGOs. However, by limiting the framework to the logistical matters of procurement without a consideration of the policy and program development and service planning context, the potential benefits are significantly undermined. NCOSS is calling on Government to engage with the sector in developing a broader policy framework for the funding relationship so that procurement of services is the end of a process rather than the prime consideration.

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<sup>7</sup> Vote 1 Fairness in NSW, NCOSS 2011 at page 6 <http://www.ncoss.org.au/vote1fairness/Vote-1-Fairness-in-NSW.pdf>