

Not for Profit Sector  
Productivity Commission  
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16 June 2009

**Submission to the Productivity Commission study into the contribution of the not for profit sector**

Dear Sir/ Madam,

Please be advised that the Alcohol and other Drugs Council formally lodged a submission to the Productivity Commission on Thursday, 11 June 2009. Since then, ADCA has received some additional comments by one of its Board Directors and wishes to also put these to the Productivity Commission for consideration. They are in support of the recommendations ADCA made in its submissions, but raise a few additional aspects of interest. ADCA subsequently decided to forward these comments to the Productivity Commission as an attachment to its original submission.

ADCA would like to draw the Productivity Commission's attention to the following additional remarks:

1. In addition to ADCA's recommendation of a single agency providing oversight and reporting, a single quality assurance/certification process is recommended. At present, many NGOs in the AOD and broader community sector find in order to meet funding requirements from government agencies, they are forced to undertake several "second party" audit processes. Rationalising QA requirements for all Government is a simple exercise that would save tens of millions in wasteful bureaucracy. These along with the separate and competitive tendering processes, separate reporting processes and timelines (e.g. not based on financial years) are crippling NGOs. Senior staff of NGOs tends to work over-time and on weekends/ public holidays in order to complete funding applications on top of already over-committed service provision. This is now the norm for many front line agencies.
2. Competitive tendering has a place, but it has been the universal application of competitive tendering to short and longer term funding (3 years being long term in the NGO world) that has been inappropriate and counter-productive to the program objectives. Competitive tendering processes are inherently disadvantageous to smaller and local NGOs and favour larger nationalised bodies who may have a poor understanding of local factors and relationships critical to achieving real outcomes. Furthermore, and indeed more fundamentally, competitive tendering drives a wedge between community service providers - winners and losers - who in order to deliver real outcomes for the clients, need to collaborate, develop Memoranda of Understanding (MoU), shared care plans etc. Finally, the application of competitive tendering in places where there is only one provider defies logic.

3. Funding is most often historical and not based on the real cost for the service. Governments must in partnership with peak bodies and independent costing experts develop robust and dynamic activity based costing for the provision of community services by NGOs. This is a necessary part of weening governments away from the universal application of competitive tendering.
4. The relationship between government and the community sector must change. What has emerged over the past 10-15 years is not improving services to the most vulnerable in our communities. Government must change from "hands off master/director" to partner and share their capacities with NGOs to develop real outcomes. Funding must be longer term 3-10 year commitments, fully costed and reviewed regularly. NGOs must develop new capacities to operate in this environment.

ADCA would be pleased to assist the Productivity Commission further in its study of the contribution of the not-for-profit sector, and to expand on any of the issues addressed in its original submission and this attachment.

Kind regards,

David Templeman  
Chief Executive Officer