

Government of South Australia  
Submission to the Productivity Commission on the  
Contribution of the Not-For-Profit Sector



**Government of South Australia**

Department of the Premier  
and Cabinet



## **Glossary**

NFP	Not-for-Profit
NRM	Natural Resources Management
NGO	Non-Government Organisation
DFC	Department for Families and Communities
AGD-ORS	Attorney-General's Department - Office for Recreation and Sport
SACOSS	South Australian Council of Social Services
DEH	Department for Environment and Heritage
FoP Inc	Friends of Parks Incorporated
SACFS	South Australian Country Fire Service
SASES	South Australian State Emergency Service
ICANs	Innovative Community Action Networks
SA Health	Department of Health
VOAN	Volunteer Organisation Authorisation Number
FGMS	Funding and Grants Management System
AbaF	Australia Business Arts Foundation
HACC	Home and Community Care
OFTA	Office for the Ageing



## **Introduction**

The South Australian (SA) Government welcomes the opportunity to contribute to the Productivity Commission's research study on the contribution of the not-for-profit (NFP) sector. This submission responds to some of the issues and analysis raised in the Issues Paper, highlights some areas of best practice initiatives across government agencies and provides suggestions for the Commission to consider in preparing its draft report. While it has not been possible to provide an extensive list of initiatives, some areas are highlighted for the Commission's information.

The SA Government values the contribution made by the NFP sector and recognises its pivotal role in working with governments to not only provide services to the community but also building on community strengths and bringing together a range of resources to meet individual and community needs. Government and its agencies regularly seek the advice from the sector on the development and implementation of new social policies and community services programs, recognising their expertise and close proximity to local communities.

A strength of the NFP sector is its diversity. It includes a wide diversity of groups, associations and organisations that are often founded and driven from the local community to meet local community needs, allowing for greater community contribution and ownership. In the human services area, NFPs provide essential community infrastructure that support government funded programs and services. As bodies independent of government, NFPs pursue their own goals, including advocating for changes in government policies and priorities. In this sense, there is a healthy tension inherent in the relationship between government and the NFP sector.

The SA Government also engages with the NFP sector to provide services to people in the community on behalf of the government or in accordance with the shared objectives of the government and NFP entities. The sector provides a diverse range of alternative service models that often provide greater flexibility and specialist support to people in the community requiring services. They frequently are able to add value through existing infrastructure or integrating with existing services and programs. NFPs are also recognised as important mediums for information and feedback to government about services for local populations.

Since 2002, the SA Government has implemented a range of key whole of government initiatives, including:

- *South Australia's Strategic Plan and Alliance Program*

Strong working relationships between South Australian government agencies and the NFP sector are imperative for implementing government policy, and meeting the objectives and targets established by South Australia's Strategic Plan.



The Plan, first launched in March 2004, has targets that reflect South Australia's aspirations (business, community and government), for where we want to be as a state in 2014, under six key objectives:

1. Growing prosperity
2. Improving wellbeing
3. Attaining sustainability
4. Fostering creativity and innovation
5. Building communities and
6. Expanding opportunity.

The Plan was updated in 2007, following a comprehensive, whole-of-state community engagement process. Community engagement has therefore been a vital part of achieving success in South Australia's Strategic Plan. In 2007, the SA Government appointed a Community Engagement Board to oversee the engagement process and maintain communication between the community and government on issues related to the Strategic Plan. This includes responsibility for managing the Strategic Plan Alliance Program.

The Alliance Program aims to foster greater ownership of the Plan between all South Australians by encouraging non-government organisations to identify the targets in the plan to which they can contribute. This provides the basis for a letter of agreement between an organisation and the Community Engagement Board, in which the organisation agrees to play an active role in supporting the achievement of identified strategic plan targets.

By aligning with South Australia's Strategic Plan, Alliance members ensure their business plans and operations are part of a comprehensive, long-term vision for the state that is shared throughout South Australia's metropolitan and regional areas.

Currently members of the Alliance program include industry associations, community organisations and individual companies. These organisations have targets across all objective areas of the Plan, not just in their own fields of specialisation.<sup>1</sup>

- *Australian Centre for Social Innovation*

The SA Government also recognises the potential role the sector can play in innovation and has committed \$6 million over the next three years to establish the Australian Centre for Social Innovation in Adelaide, the first of its kind in Australia. Its focus will be on bringing together a diverse range of people from the corporate, community and tertiary sectors to develop enduring solutions for some of the toughest social challenges facing the state.

The Australian Centre for Social Innovation was first proposed by Dr Geoff Mulgan CBE, during his term as Adelaide Thinker in Residence. His report: *'Innovation in 360 degrees: Promoting Social Innovation in South Australia'* recognises the important role in innovation that voluntary organisations and NGOs have historically played in South Australia. He

<sup>1</sup> More information is available at <http://saplan.org.au/content/view/123/>



proposes governments develop deeper relationships with civil society (the 'Third Sector'), to identify the 'change margin' needed to improve and resource social innovation.<sup>2</sup>

- *South Australia's Social Inclusion Initiative*

South Australia's Social Inclusion Initiative has been developing new partnerships across government and with community to better meet the needs of South Australians, particularly the most disadvantaged and socially excluded citizens. The Innovative Community Action Networks (ICANs) are one successful example of local community partnerships (see box on page 26). South Australia's Social Inclusion Board, under the leadership of Monsignor David Cappo who is also Commissioner for Social Inclusion, has been providing policy advice for immediate action by Government on a range of pressing social issues including homelessness, school retention, youth offending and mental health. Implementation of initiatives is closely monitored and evaluated to ensure the initiatives deliver real benefit to people in most need. Increasing opportunities to participate in the social and economic life of the community, building people's capabilities and connecting them with community networks are seen by the Board as effective means for re-engagement and building social inclusion. The independence of the Board allows it to establish working relationships with any and all levels of community, business, non-government organisations, government departments, agencies and staff.

- *Engagement with Aboriginal communities*

The South Australian Government has also established measures to ensure Aboriginal people have a high-level voice in Government and the community. In 2008 South Australia's first Commissioner for Aboriginal Engagement, Mr Klynton Wanganeen, was appointed to advocate on behalf of Aboriginal people and to be a point of contact for Aboriginal people to express their concerns about the wider issues that Aboriginal people face and to work towards having them resolved.

As well, the Government appointed the South Australian Aboriginal Advisory Council to provide high level advice to Government on:

- existing programs and policies as they affect Aboriginal people
- emerging issues that will affect Aboriginal people from both metropolitan and regional perspectives
- the development and implementation of future policies and services concerning Aboriginal people
- appropriate consultation processes with Aboriginal communities and
- maintaining links with other relevant advisory bodies.

These new appointments are shaping future policies and services relating to Aboriginal people and ensuring that Aboriginal views are part of Government policy-making.

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<sup>2</sup> The report is available at [http://www.thinkers.sa.gov.au/images/Mulgan\\_Final\\_Report.pdf](http://www.thinkers.sa.gov.au/images/Mulgan_Final_Report.pdf).



- *Partnership with the Volunteer Sector*

On Volunteers Day, 19 May 2003, the Premier launched: *'Advancing the Community Together: A Partnership between the Volunteer Sector and the South Australian Government'*<sup>3</sup>

About 600, 000 South Australians donate their time and skills to help others and the hard work, skill and dedication of volunteers helps to make SA a better place in which to live and work. Volunteerism accounted for \$5 billion a year<sup>4</sup> or about 11.5% of the State's Gross Domestic Product. The SA Government seeks to play a partnership role with the sector, supporting it through programs that build its resilience and strength. For example, the Office for Volunteers offers programs that provides community organisations with access to professional skills to develop their own documentaries, training programs, website TV commercials, all of which promote their services.

## **1. Scope of the study**

South Australia gives in-principle support for the adoption of a broad view of the sector and the terms of reference for the Productivity Commission's study.

To identify and measure the contribution of the NFP sector it is important that the broad spectrum and diversity of organisations is recognised, including environment and land care groups, recreation and sporting organisations, emergency services groups, arts organisations and cultural groups, as well as groups operating within the broad boundaries of health and community services.

Currently, there is great variation in how the NFP sector is defined. There is benefit in the Productivity Commission using the Australian Bureau of Statistics (ABS) definition of not-for-profit organisations (ABS 8106.0 or for a more inclusive definition ABS 1301.0). This allows for consistent data collection and assessment against other sectors or jurisdictions.

While there is support for government to adopt a more coherent approach to the NFP sector, the diversity of entities represented in the sector means that there will be different forms of engagement with individual entities. For example, at the extremes, a credit union will continue to interact differently with government than a land care group.

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<sup>3</sup> [http://www.ofv.sa.gov.au/pdfs/Advancing%20the%20Community\\_approvedwordversion.pdf](http://www.ofv.sa.gov.au/pdfs/Advancing%20the%20Community_approvedwordversion.pdf)

<sup>4</sup> "Valuing Volunteering - The Economic Value of Volunteering in South Australia, 2002" – a report by Dr Duncan Ironmonger, Households Research Unit, Department of Economics, University of Melbourne. Report commissioned by the Office for Volunteers.



Definition used by the Department of Trade and Economic Development:

In accordance with the ABS (8106.0), Not-for-profit organisations (NFPs) are legal or social entities, formed for the purpose of producing goods or services, and whose status does not permit them to be a source of income, profit or financial gain for the individuals or organisations that establish, control or finance them.

Some broader discussion which may assist in the practical application of this definition: (taken from ABS 1301.0)

Non-profit organisations are, first of all, organisations. This means that a non-profit organisation will have a set of rules or a constitution that gives it a life beyond the group that began it. Non-profits may be incorporated, a legal term meaning that the organisation has a legal identity independent of its members. Larger non-profits, which employ people, are incorporated in most instances. However, the great majority of non-profits, which are small and rely entirely on volunteer behaviour, are not incorporated.

Secondly, non-profit organisations are private organisations; that is, they are not directly subject to government control or direction. This does not mean that governments do not try to regulate and direct their behaviour. They do, especially when they provide a large component of a non-profit's operating revenue. However, governments try to regulate the behaviour of for-profit organisations as well. The key tests of whether an organisation is private or part of government are whether it is subject to ministerial direction and whether its actions are subject to the same parliamentary scrutiny as are the actions of government departments.

Thirdly, as the name indicates, they operate on a 'not-for-profit' basis. While in some respects they are like private, for-profit companies, they differ from the latter in that they do not distribute any surplus or profit they might make to their members. This characteristic, part of the definition of a non-profit, does not mean that non-profits do not finish each financial year with a small excess of income over expenditure, or profit; most of them do. Like any private organisation, if a non-profit did not make a surplus in most years it would soon cease to exist. It does mean, however, that making the largest possible profit is not, and should not be, an objective of the organisation.



## **2. Measuring the contribution of the not-for-profit sector**

The flow diagram provided in the Productivity Commission's Issues Paper provides a useful framework to measure the contribution of the NFP sector.

In terms of measuring and evaluating the performance of NFPs, there are a number of critical components especially where direct service delivery is involved. These components are:

- a cost element (often services in the past were rolled up into packages of care or block grants and it was difficult to ascertain value for money principles)
- service recipient outcome measures – did the service meet their need and has there been an improvement in their well being?
- some compliance testing in relation to meeting standards of care
- measures to determine if objectives are met
- indicators about resource efficiency
- identification of inputs and outputs, for example resources provided/clients serviced
- an outcomes focus.

SA acknowledges that due to the diverse nature of services provided, developing a model which aligns to all services, is challenging. As well, the contribution of local community and self help groups that emerge in response to specific situations and circumstances, but which are never formalised through organisational structures, may not be captured. One of the benefits of working with the NFP sector, not currently shown on the model, is the added value which can be provided through the integration of services.

The SA Government values the different contributions NFP entities make:

- *Mobilising volunteers*

It is important that all governments acknowledge the role and contribution that volunteers make through their activities and delivery of services through NFP organisations. Formal volunteering has been defined as an activity which takes place through not-for-profit organisations or projects and is undertaken:

- to be of benefit to the community and the volunteer
- of the volunteer's own free will and without coercion
- for no financial payment and
- in designated volunteer positions only.

There are also many thousands of small NFPs that do not seek government funding or act as agents of government, including groups such as hospital volunteers, local country women's groups, parish councils and support groups. These groups provide a pivotal role in bonding communities together and their contribution needs to be acknowledged.





- *Engaging with the community*

NFP organisations play a critical role in the agencies that deliver Natural Resources Management (NRM) and environment conservation in SA (see pages 18-19). It is estimated that more than 70,000 South Australians assist with environmental and natural resources management projects every year.<sup>5</sup> The *Natural Resources Management Act 2004* mandates involvement for the NFP sector through peak bodies.

For example, the NRM Council, a body formed by the legislation and with significant power under the *Act* engages with the NFP sector through the following mechanisms:

- The NRM Council membership must include a member nominated by the Conservation Council of SA and the SA Farmers Federation and a suitable member to represent the interests of Aboriginal people (Section 13 NRM Act).
- In performing its functions, NRM Council should seek to work collaboratively with relevant industry, environment and community groups and organisations (Section 17(3) NRM Act).
- The NRM Council must prepare the State NRM Plan (section 74 NRM Act). In recognition of the communities contribution to NRM Goal 3 is an important part of the Plan.

### **South Australian Natural Resources Management Plan**

#### **Goal 3: Communities, government and industries with capability, commitment and connections to manage natural resources in an integrated way.**

A number of Milestones have been set in the State NRM Plan to strengthen NGO engagement in NRM including:

- 3.1 By 2010, the capabilities of the SA community will be greater than in 2006.
- 3.2 By 2010, the science, technology and innovation capabilities for NRM are greater than in 2006.
- 3.3 By 2010, the connections to drive NRM through institutional and community arrangement will be stronger than in 2006.
- 3.4 By 2010, the SA community is 10% more committed to NRM than in 2006.

- *Building resilience*

Emergency service volunteers play a vital role in protecting the South Australian community in times of natural disasters and emergencies and there are over 17,000 emergency service volunteers, who add to the social capital of the community. The SA Government supports the personal contributions of volunteers and their employers and has

<sup>5</sup> Interim Landcare Review Report, Rural Solutions SA, 16 August 2005.



developed the Volunteer and Employer Recognition & Support Program (VERSP) that formally recognises and rewards emergency services volunteers and their employers.

- *Contracting services*

Government is a significant contractor of services from the NFP sector. In this instance there are more specific accountability mechanisms to ensure the sector delivers value. In the area of mental health, all jurisdictions (under the oversight of the Commonwealth Department of Health and Ageing) have developed a set of key performance indicators that are currently being piloted. While they are for application to the Government sector, a number are being reported on in some areas and could readily be adapted for reporting by the NFP sector for particular service areas. For example:

- compliance with service standards
- cost of a service
- duration of service provision (eg days/hours etc)
- population data for those receiving a service, for example gender, cultural group, age, diagnosis group etc
- new client index
- wellbeing outcomes
- client and staff numbers.

SA recently reviewed its NFP funding commitments for mental health and developed a suite of programs, models of care, service specifications and an initial pricing methodology. All services will be formally and independently evaluated and some have already commenced. A data base system has been set up to monitor services in the future.

Similarly, there has been significant sector reform undertaken by the Department for Families and Communities (DFC) in a number of its core funding areas with the NFP sector, including disability, housing, family support and alternative care and ageing.

The Department of Health is also progressing the development of key performance indicators for grant funding provided to the non-government sector.

Other examples of measurement and evaluation of sector contribution across government are:

- A Partnership Survey which is conducted annually by DFC and provides opportunities for funded organisations to provide feedback regarding their perceptions of the partnership arrangements with the Department. This is effective as it provides DFC with the clearest picture of service areas needing improvement and the manner by which the best outcomes can be achieved.

The Survey was developed in June 2006, in conjunction with DFC service branches that fund non-government organisations (NGOs) and/or have partnerships with contractors, suppliers, universities, volunteers, community groups and/or individuals.



In undertaking the survey annually, DFC signals its clear intention to strive for measurable improvements in customer service and contribute to meeting the new target in South Australia's Strategic Plan (Target 1.7) to *'increase the satisfaction of South Australians with Government services by 10% by 2010 and maintaining or exceeding that level thereafter.'*

- SA also contributes to the enhancement of the Australian Bureau of Statistics data, through the Attorney-General's Department - Office for Recreation and Sport (AGD-ORS) by advising on the definition of the recreation and sport industry and data collection. AGD-ORS also contributes to the collection of annual participation statistics through its commitment to the Exercise, Recreation and Sport Survey (ERASS), a measure of community engagement with the NFP sector.
- The Department of the Premier and Cabinet – Arts SA similarly advises the ABS, through its National Centre for Cultural and Recreational Statistics (NCCRS) regarding data collection for the arts and cultural sector.
- AGD-ORS has developed a tool to examine the growth and development of the NFP associations that receive funding through ORS grants. This census collects information on the structure of the association, its governance and management practices, finances, participation and volunteer numbers. The census is repeated at regular intervals to identify and track changes over time and informs support activity for the industry by AGD-ORS.
- The SA Government has a long history of supporting a significant number of NFP organisations in the arts and cultural sector through Arts SA's grants and funding programs. Arts SA has developed a number of methods to measure/evaluate the contribution of funded organisations. In addition to the requirements of Treasurer's Instruction 15, Arts SA requires, as part of its Funding Deeds/Agreements with NFP organisations receiving annual, multi-year or recurrent funding of more than \$50,000 per annum, the development and reporting of KPIs against specific desired funding outcomes/objectives. Arts SA also collects quantitative and demographic data from these organisations regarding activity levels, participation and community engagement.
- The SA Government, through the AGD-Office for Volunteers, has offered a series of grants with Volunteer Resource Centres and tertiary institutions across the State in recent years to enable these key infrastructure organisations to provide support to the broader NFP sector. As well as providing funding support for key organisations, these grants also incorporate deliverables which require the recipients to report on a wide range of statistics including demographics, nature of service provision, emerging trends and effectiveness against a range of service level criteria.
- The AGD-Office for Volunteers has also developed and published Volunteer Surveys in 2006 and again in 2008 to track the change in volunteer rates and to determine the effectiveness of current programs in maintaining the SA Strategic Plan volunteering target. The Office for Volunteers commissioned the ABS to design a questionnaire and Harrison Research to conduct the survey with a random



sample of South Australians over the age of 15 years. The results show that South Australia is steadily en route to achieving our SA Strategic Plan target of maintaining a high level of volunteering in South Australia at a 50% participation rate or higher.

### **3. Enhancing the efficiency and effectiveness of the not-for-profit sector**

The SA Government is strongly committed to working with the community sector to build capacity and partnerships that support and strengthen the South Australian community and facilitate social inclusion.

SA Government agencies have instituted a range of strategies to strengthen and sustain the NFP sector. These include:

- initiatives to strengthen the collaboration between government and NGOs
- reduction of the administrative burden on the community services sector and streamline interaction with government
- promotion of service excellence, quality and sustainability, innovation and efficiency in the provision of services
- workforce development and sector development strategies
- promotion of the role of community organisations in local community life contributing to active, vibrant and strong communities.

The SA Government recognises that NFP services have grown significantly in recent times and there has been a need to ensure that NFPs have strong governance and management structures. This assists NFPs to discharge their duty of care, improve financial accountability and deliver services in a professional manner to achieve better client outcomes.

#### **Initiatives to strengthen the collaboration between government and non-government organisations (NGOs).**

- *Health and Community Services Sector and State Government – ‘Common Ground Partnership Agreement’*

There are a range of formal arrangements in place to strengthen collaboration including the Common Ground partnership agreement between the Department of Health, the Department for Families and Communities, and the community sector. This partnership was first signed in 2004 by SACOSS, the Minister for Health and the Minister for Families and Communities and has created opportunities for the Government and the NFP sector to guide government action and priorities, pool expertise and resources, identify issues, resolve problems and develop new approaches to improving health and wellbeing of the community.

It also provides a framework and enabling mechanism to enhance the relationships, drive policy debate and improve the delivery of human services in SA. The partnership is currently being reviewed and is likely to be re-launched later this year.



The agreement sets out shared principles to support a strong and productive relationship, shared roles and clarifies the role of Government and the health and community services sector organisations.

The objectives of the partnership are to:

- achieve the best possible policy and service delivery outcomes in health and community services
- address issues in a mutually respectful and proactive way
- provide a forum for collaboration and consultation between the partners on issues of mutual interest
- enhance respect and trust between the partners
- create a formalised engagement structure that sets out the processes and mechanisms for communication between the partners
- enhance information sharing.

The 'Human Services Peaks Forum' has been established to actively implement the Common Ground Agreement. It brings together senior executives from the Departments of Health and Families and Communities, the Chair of the South Australian Council of Social Services (SACOSS) and representatives of the Peak Bodies. As part of the review process, underpinning documents are being developed to facilitate the measurement of outcomes. The development of the terms of reference has occurred (as part of the review of Common Ground) and the following scope has been drafted:

- oversee the 'Common Ground' partnership
- drive the strategic directions of the health and community services sector and State Government priorities to ensure they are integrated and promoted through policy development, guide service planning, modelling and funding
- link, share and debate developments in program policies, practices, systems and service delivery models ensuring coordination, efficiency, effectiveness, flexibility and responsiveness to changing needs across the health and community services sector
- promote a culture of partnership between the health and community services sector and State Government
- contribute to the development of strategies for sustainable and appropriate services
- continue to access, report on, and promote innovative practice with a view to sector improvements
- act as a conduit and forum for addressing emerging needs and strategic issues facing the health and community services sector.



- *Aboriginal organisations*

There is a wide spectrum of Aboriginal organisations in the NFP sector, providing a broad range of governance arrangements, programs and services relating to:

- governance within Aboriginal communities
- arts, culture and heritage
- Native Title and Indigenous Land Use Agreements
- legal services
- primary and community health care, including substance misuse
- disability and aged care
- offender and prisoner related support
- child care and educational support
- housing and hostels
- child, youth and family support
- Aboriginal Elder groups
- faith based support
- land care and management.

Supporting local Aboriginal organisations supports Aboriginal communities and enhances and develops independent infrastructure. The contribution of Aboriginal not-for-profit organisations is significant to both governments and communities as it:

- allows for an independent voice to be heard
- provides legitimate avenues for government consultation with relevant stakeholders
- provides a valuable link between community and public sector processes and services
- provides employment opportunities and pathways for local Aboriginal people
- some NFP organisations have established infrastructure across the state e.g. Aboriginal Legal Rights Movement.

- *The volunteer sector*

*'Advancing the Community Together: A Partnership between the Volunteer Sector and the South Australian Government'* seeks to increase consultation, address issues impeding volunteering and promote volunteering to South Australians.

Supporting the implementation of the Partnership is the Volunteer Ministerial Advisory Group, the Volunteer Partnership Action Committee and the Volunteer Task Force.

- The Volunteer Ministerial Advisory Group is chaired by an elected Member of Parliament and has representatives from the volunteer sector, including Indigenous volunteers, multicultural communities, unions, regional communities, environment,



youth, arts, disability, sport, education, community services and peak bodies. It reports to the Minister for Volunteers and provides advice to the Office of Volunteers and its role is to:

- assist in the development of a positive and active policy agenda for community engagement and ensure the Government receives expert policy advice on identified policy and program issues in relation to volunteers and volunteering
  - monitor the progress of the Partnership and set priorities, specific targets and timeframes in terms of commitments made
  - ensure that implementation of the Partnership is effective, that the stated aims are achieved and that it is working in the best interests of the community
  - provide advice on appropriate consultation/engagement mechanisms - across government and with the community.
- The Volunteer Partnership Action Committee is chaired by the Chief Executive of the Department of Justice and is responsible for coordinating implementation of the Partnership across Government agencies by:
    - advancing a coordinated and strategic approach to volunteering across Government and in regard to relationships with the volunteer sector
    - identifying and prioritising Government commitments for implementation and setting specific targets and timeframes in terms of their implementation
    - working in partnership with the Volunteer Ministerial Advisory Group in implementing areas of priority for the volunteer sector
    - identifying, promoting and providing opportunities to facilitate and encourage public sector employees to volunteer and be involved in programs that support volunteering.
  - The Volunteer Task Force brings together representatives from both groups above to progress the strategic priorities, ensuring projects that achieve South Australia's Strategic Plan targets are given priority, ensure coordination and effective delivery of collaborative projects. Two current priority projects are:
    - *Volunteering: A Gateway to Communities* - assessing how volunteering may assist new arrivals to the State to have increased access to the community through volunteering.
    - *Community Access to Government Facilities* - investigating standardising and improving how community organisations access major Government facilities e.g. school gymnasiums for meetings.

The SA Government also funds training for the volunteer sector through the Office for Volunteers. The provision of free and subsidised training is seen as a valuable way to increase the skills and broaden the experience of individual volunteers and assists the development and management of community organisations. Some 1,500 training places were provided in metropolitan Adelaide and 800 in regional South Australia.



The Attorney-General's Department, through the Office for Recreation and Sport (AGD – ORS) supports the recreation and sport industry which predominantly consists of not-for-profit associations incorporated under the *SA Associations Incorporation Act 1985*. The majority of these associations are totally volunteer based entities with around 25% of all volunteers in SA being involved with recreation and sport. AGD-ORS provides a range of services to support these volunteers, from training and education, to the development of resources and programs to enhance the capacity of the sector to provide quality experiences in recreation, sport and physical activity in the community.

- *Environment and heritage*

The SA Government, through the Department for Environment and Heritage (DEH), engages with the NFP sector in delivering its core business of environment policy, biodiversity conservation, heritage conservation, environmental sustainability and animal welfare, and its role of custodian of information and knowledge about the State's environment.

In 2005, DEH was the first SA Government agency to develop a strategic plan for volunteer engagement - *Success Through Partnership*. The strategy has provided the framework for involvement of volunteers around five key objectives – innovation, viability, support, recognition and improvement.<sup>6</sup>

The Department works closely with Friends of Parks Inc (FoP Inc), which engages around 6000 volunteers in more than 135 member groups. Many of these groups work on land managed by DEH or contribute to programs or research that the DEH undertakes and a Memorandum of Understanding articulates the working relationship between FoP Inc and DEH.

DEH recently engaged a consultant to work with the FoP Inc to clarify and articulate the role and functions of its Board and to assist it to reposition itself as a respected and valued organisation with particular regard to its capacity as a responsible advocate on environmental and heritage issues.

DEH also works with other NFP organisations, such as Conservation Volunteers Australia and has a variety of partnership arrangements with these organisations.

- *Emergency services*

The *Fire and Emergency Services Act 2005* provides significant powers to officers (including volunteers) of the South Australian Country Fire Service (SACFS) and the South Australian State Emergency Service (SASES).

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<sup>6</sup> See [http://www.environment.sa.gov.au/parks/pdfs/PARKS\\_PDFS\\_VOL\\_STRATEGY.PDF](http://www.environment.sa.gov.au/parks/pdfs/PARKS_PDFS_VOL_STRATEGY.PDF)





At the scene of a fire or other emergency an officer of the SACFS may:

- enter and if necessary break into any building
- remove unsafe structures
- direct evacuations
- shut off the supply of water.

An officer of the SASES has similar powers at the scene of an emergency.

When exercising these powers, emergency services volunteers are protected from liability under Section 127 of the Act, which protects emergency service volunteers when acting honestly and within terms of their appointment.

- *Parent and community engagement with preschools and schools*

There is an increasing international awareness of the importance of strengthening parental and community engagement in schools. Schools with high levels of parent and community involvement are believed to create environments that enhance opportunities for all learners, including impacting positively on the most disadvantaged families and improving student educational attainment.

Australian governments have committed to supporting parental engagement and school community partnerships to support student learning, in line with the *Melbourne Declaration on Education Goals for Young Australians*, the *MCEETYA<sup>7</sup> Action Plan 2009-2012* and the national Family-School Partnerships Framework which was endorsed by MCEETYA in April 2008.

There is a strong tradition of parent participation and community support in South Australian government schools and preschools. Thousands of volunteers including parents, community members and not-for-profit organisations contribute to education and care to meet local community needs. This valued contribution encompasses an extensive range of activities including student mentoring programs, learning assistance, electives and projects, fund raising, governance and coaching.

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<sup>7</sup> Ministerial Council on Education, Employment, Training and Youth Affairs



### **Children's Centres for Early Childhood Development and Parenting**

The South Australian Government is investing more than \$23 million to establish 20 Children's Centres across the state. Children's Centres provide a 'one-stop-shop' for young children and their families by bringing together a mix of services for children from birth to eight years and their families.

Qualified early childhood staff work together with families to provide quality learning and care to support children's development, health and wellbeing.

All Children's Centres will offer a mix of services including high quality early education and care, child health information, family support, playgroups and play activities, early assessment of children's learning needs and intervention programs. There will also be health services, such as hearing and eye tests, immunisation and specialised support including speech pathology and occupational therapy.

Partnerships with a range of government agencies and local community groups are an important feature of Children's Centres. There is significant engagement with the community through families and local community groups. Each Children's Centre is responsive to local needs. If there is a significant presence of a not-for-profit organisation within the community more formal partnerships may develop. Some Children's Centres have developed Memoranda of Understanding with local community organisations to meet local needs.

Children's Centres benefit children, families and the local community through local partnerships with volunteers and community groups.

- *Natural resource management (NRM) initiatives*
  - The NRM Volunteer Committee was established by the NRM Council in November 2006 to support the outstanding contributions made by volunteers. The NRM Volunteer Committee's desired purpose is to influence, listen and advocate to ensure state-wide consistency of support for continued and growing involvement of volunteers in natural resources management. Membership on the committee is skill based and a number of the members have strong connections to NGOs.
  - Similarly, the Aboriginal State-wide Advisory Committee to the NRM Council was established in 2006 to provide an independent interface between the NRM Council and Aboriginal communities. The Advisory Committee plays an important role in advising the NRM Council on strategies and actions to engage



Aboriginal people in the management of natural resources in the State. Members are representative and nominated by a representative body including, regional NRM Boards and the Aboriginal Lands Trust.

- At an operational level, eight Natural Resources Management Regional Boards have significant funds to support environmental preservation and restoration projects. They engage with the NFP sector at strategic (joint project bids) and grass roots levels by engaging with a range of community organisations and groups to deliver NRM projects and outcomes on a range of scales. Most boards have a volunteer coordinator and actively seek out partnerships with NFPs. An idea of the scale of involvement can be found in the list of 161 environment groups involved in the Adelaide and Mount Lofty Ranges NRM Board.<sup>8</sup>

#### Reduction of the administrative burden on the community services sector and streamline interaction with government.

The SA Government is including the NFP sector in the second phase of its Red Tape Reduction Program for reducing administrative burden, including the following:

- Child safe policy and model Code of Conduct templates available to be downloaded from the Office for Volunteers website<sup>9</sup> for community organisations to use when preparing their risk and safety assessments and developing policies to meet their obligations to promote children's wellbeing and safeguard children from harm.
- Simplification of small government grant procedures, including simpler guidelines, project application and evaluation forms for small one-off grants and changes to the *Treasurer's Instruction Number 15: Grant Funding Conditions*, to simplify the acquittal process for grants under \$10,000. Generally, these types of grants account for 80% of all one-off community grants.
- DFC is also investigating options to further streamline the process for community organisations in their contractual arrangements for audits and reporting requirements. Improved internal complaints and grievance procedures will be part of these processes.
- DFC is also ensuring access to government contracts for eligible community service organisations to contribute to organisational sustainability and efficiency. These contracts include fuel, motor vehicles, stationary and electricity and can support organisations in gaining financial efficiencies.
- SA Health is now adopting a longer contracting period for mental health funded programs, to provide some certainty to NFPs and improve their viability. Furthermore, contract surety also assists NFPs in maintaining staff and provides a

<sup>8</sup> <http://www.amlnrm.sa.gov.au/CommunityEnviroGroups/EnvironmentalGroups/tabid/703/Default.aspx>

<sup>9</sup> [www.ofv.sa.gov.au](http://www.ofv.sa.gov.au)



platform for greater consistency in care for clients. Many contracts previously were short term or 'one off' funding.

- A webpage allows easy access to SA Government grants for community groups.<sup>10</sup>
- The SA Government provides free police criminal history checks for volunteers who work with vulnerable groups such as children, the aged and frail, or people with a disability. To access this, community organisations register for a Volunteer Organisation Authorisation Number (known as a VOAN). To be eligible for a VOAN, an organisation must be incorporated and provide a charity or community service good.
- In reducing the regulatory burden, the SA Government recognises that a considerable impost results from the multitude of service quality standards and accreditation systems used across government when funding community organisations. This has been raised nationally and locally through DFC. Opportunities for mutual recognition by mapping the major quality and accreditation mechanisms against the Service Excellence Program Standards, has reduced reporting requirements.

There has also been significant progress in reforming grant management processes and DFC is:

- Standardising and simplifying contract documentation through the development of a Master Agreement and Service Agreement in conjunction with the Department of Health.
- Developing Information Sheets on a variety of subjects related to grants management and contracts.
- Developing the Funding and Grants Management System (FGMS). The primary function of this database system is to record and track funding arrangements (Service Agreements and other funding contracts) between the Departments' program divisions and the payment of grant funding to other entities. This system is currently used by the Department of Health.

FGMS also aims to provide consolidated reporting capabilities across program areas and is a tool to assist departmental staff to record:

- grant funding applications and assessments
- service agreements
- financial processing of grant payments
- performance management of grants.

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<sup>10</sup> <http://www.service.sa.gov.au/ContentPages/directories/grants.aspx>



DFC also produces a range of resources including:

- Delivering community value – a good practice guide for distributing community services funding: provides a theoretical framework for awarding contracts.
- Service proposal – an acquisition plan to manage the distribution and allocation of grants/program funding with a value over \$50,000 (GST exclusive). This is required to be completed and approved by the appropriate delegate(s) prior to any Agreement being put in place.
- Delivering community value – performance management framework: a good practice guide for managing community services funding.
- Provision of training to departmental staff in areas such as contract management and performance management of grants.

The Department of Health is currently developing and implementing a number of initiatives that aim to increase consistency for the NFP sector, improve timeliness and keep the sector involved in strategic development. For example:

- ongoing implementation of a Funding and Planning Framework for Non-Government Services
- implementation of a new electronic contract management system
- development of a work plan to improve monitoring and commencement of new contracts and reduce time taken to renew contracts
- defining customer service standards to improve response times and manage expectations
- review of long term service agreements with program areas to ensure they align with strategic directions and priorities
- training for program areas on contract development and management.

Promotion of service excellence, quality and sustainability, innovation and efficiency in the provision of services.

South Australia, through DFC, is leading the nation with its Service Excellence Program that provides a systematic approach to efficient and effective services through its internationally accredited standards. This innovative approach provides an independent audit of organisations' systems and practices in areas of customer satisfaction and complaints, planning and governance, financial and contract management and service outcomes.

The Program was developed collaboratively in 2001 and currently there are over 227 organisations that DFC funds (out of approximately 460 organisations) that are engaged in the Service Excellence Program. 100 of these organisations have gained accreditation against the internationally recognised and accredited standards.



Service Excellence is the preferred quality program by approximately 90% of those Non Government Organisation's (NGOs) engaged in a quality program. Formal reviews and feedback from NGOs on the Service Excellence Program has clearly demonstrated high satisfaction levels by those organisations that have undertaken Service Excellence and have commented that they have found it to be relevant, cost effective and an excellent development tool for their organisation.

Other NGOs have commented that the streamlining option for reducing the administrative burden for quality and accreditation requirements has been of significant benefit. This streamlining option is only available through the Service Excellence Program.

The standards within the Service Excellence Program were also accepted by all jurisdictions within Australia (including the Commonwealth) in August 2006 as the National Core Business Management elements to be included in all National Standards.



The Service Excellence Program website<sup>11</sup> has examples of policies, procedures and plans, and a range of helpful management tools and resources. The site also provides access to best business practice, books and resources covering topics such as planning, governance, risk management, policies and procedures, financial and contract management, people management, information management, partnerships, communication, service outcomes and consumer participation.

<sup>11</sup> [www.dfc.sa.gov.au/sep](http://www.dfc.sa.gov.au/sep)



Other government initiatives for promoting sustainability, innovation and efficiency include:

- To improve innovation and best use of resources, SA Health is now developing better pricing mechanisms in some program areas which require a higher level of accountability and provide incentives for NFPs to enhance services and effectively account for service delivery costs and outcomes.
- AGD-ORS recognises the need for strong governance and management structures in the recreation and sport industry to ensure quality community participation opportunities and to maximise the effective use of government grants in provision of services in the community. A number of services are provided to support and develop the governance and management capacity of the recreation and sport industry. These include provision of board/committee member education, the development of resources such as a Risk Management Guide, Board member induction package, child protection resources for NFP associations and courses for clubs and associations. AGD-ORS has also supported governance reviews of state sport and recreation organisations and supported the associations to implement the recommendations arising from these reviews.
- AGD-ORS also works closely with other government agencies, such as the Department for Families and Communities, South Australian Police (SAPOL) and the Australian Sports Commission to advocate for the recreation and sport industry in the delivery of the Child Protection legislation. Significant work is undertaken within ORS to develop easy to understand guidelines for the industry to meet the requirements of the legislation and developing and providing relevant training, customised to the needs of the industry.
- In the arts and cultural sector, the Australia Business Arts Foundation (AbaF) is a national organisation that encourages and facilitates business support for the arts through three areas: partnering, volunteering and giving. AbaF's programs connect business with the arts and offer to expert advice, skills development and networking. They assist organisations: to secure sponsorships and business partners, to connect with business people to access specialist advice and skills for specific projects (*advicebank*) and on an ongoing basis (*boardbank*), and to raise funds and donations.
- In South Australia, Arts SA works closely with AbaF to ensure that its programs and services are accessed by as many artists and arts organisations, primarily in the NFP sector, as possible.



### Workforce development and sector development strategies.

Investing in workforce strategies is also important to address workforce challenges in the years ahead. There are a range of programs and strategies across government including:

- DFC is working with peak organisations to develop Community Services Workforce strategies to:
  - increase the overall quality and effectiveness of service provision across the sector and improve client outcomes
  - increase capacity to provide professional development and learning across the sector
  - improve community planning and to improve recruitment and retention.
- The South Australian Government (through DFC and the Department of Health) commissioned the University of South Australia to profile the community services workforce and provide detailed analysis of key issues currently affecting the workforce in the non-government community services agencies. The report, *Careers at the Coalface (2007)*, also aimed to define the sector.<sup>12</sup>
- Given the increase in funding to NFPs, it is prudent to monitor the risks and that they deliver services with appropriately trained staff. In some program areas SA Health has funded a program to improve governance and to identify the training needs of staff, as well as commencing a process to set minimum qualification standards. SA Health recently funded a training needs analysis for mental health workers in the NFP sector.
- Easy access is available to grants information, good practice management systems and related requirements of the DFC Service Agreements. A website, established in 2007,<sup>13</sup> creates an electronic interface for grants management for the whole of government and the community. The site provides details of available grants, a central reference about the grants process and other relevant details, as well as a conduit for application and assessment activities.
- DFC has also recently conducted a mapping process across the Department that has identified its contribution to training for the NGO sector. It is now consolidating the effort occurring, in order to improve outcomes for the sector through the development of a more coordinated and streamlined approach to training.
- AGD-ORS contributes to workforce development initiatives with Service Skills SA and the peak advocacy groups for the industry - Sport SA and Recreation SA. ORS provides an incentive payment to support recreation and sport providers to employ sport and recreation trainees. This enables the agency to provide relevant and meaningful work experience to a young person and the young person gains a nationally recognised qualification and an entry into the industry.

<sup>12</sup> [www.publications.health.sa.gov.au/cgi/viewcontent.cgi?article=1000&context=wplan](http://www.publications.health.sa.gov.au/cgi/viewcontent.cgi?article=1000&context=wplan)

<sup>13</sup> [www.communities.sa.gov.au](http://www.communities.sa.gov.au)





NFPs that service rural and remote locations can face additional complexity in attracting a suitably skilled and sustainable workforce. This is particularly an issue in relation to Aboriginal health services. Another issue for Aboriginal Health NFPs in rural and remote locations is that they often take on responsibilities outside of direct health provision, such as ageing and disability. This is because there are limited service provider options in these locations and often funding for these 'additional' programs does not consider the extra administration burden associated with these programs.

#### Promotion of the role of community organisations in local community life contributing to active, vibrant and strong communities

Working in partnership is increasingly recognised as an effective way of sharing expertise, pooling resources and developing new approaches to respond to increasing complex social problems. There are many examples of work with local government and community organisations around community planning and community engagement, including:

- Establishing networks to improve delivery of public services, optimise allocation and use of resources and reduce duplication and overlap. DFC's Local Service Networks, bringing together a number of agencies working together in collaboration to achieve joint outcomes. Often local agencies are in the best position to understand their local issues and develop local solutions. DFC has also established Regional Coordination Networks to build regional capacity and regional coordination with Local, State and Commonwealth Government, and community stakeholders.
- DFC has adopted a Community Engagement Charter and Directions Statement as part of a strong commitment to community engagement principles and to highlight the importance of working closely with its partners and the community. This assists DFC to plan and deliver better policies and services that are responsive to the needs and aspirations of communities and provides the necessary foundation to build stronger and more connected communities.
- DFC recognises the community services sector as a critical partner that assists the Department to meet its organisational objectives. This is reflected through the DFC Five Year Strategic Plan which has significant emphasis on communities and partners. Key outcomes identified include:
  - State of the art contract management for NGOs
  - Solid relationships with communities and partners
  - Strengthened NGO sector
  - Strong and supported communities.
- AGD-ORS recognises the challenges faced by recreation and sporting clubs in rural and regional areas. These clubs are volunteer run agencies, predominantly membership funded bodies and are important contributors to the social fabric of their communities. The Office has developed partnerships with and provided funding support to Local Government agencies to employ be active Field Officers in



rural areas to support the development of NFP clubs providing services to rural communities.

### **Innovative Community Action Networks (ICAN)**

A major initiative of South Australia's Social Inclusion Initiative, the Innovative Community Action Networks (ICANs) seek out local opportunities to keep young people engaged or re-engaged in 'learning and earning' pathways. They bring together young people, their families, schools, community leaders, businesses, community organisations and government agencies.

The ICANs are community driven and the Local Management Committees in the three metropolitan and one country regions in which the ICANs operate currently, take the lead in developing strategic responses to meeting the learning and support needs of their local young people. Community not-for-profit organisations, other community organisations and volunteers bring a wide range of local knowledge and expertise to the ICANs.

Through the ICANs, young people are enrolled using the new Department of Education and Children's Services Flexible Learning Options (FLO) enrolment strategy. They are provided with individually tailored learning plans and intensive personal support that enables them to connect with and succeed at learning, within and beyond the classroom environment.

Key outcomes being achieved through this program include:

- increasing the number of young people successfully engaging in learning
- strengthened community partnerships developing local solutions
- a reduction in the number of young people suspended or excluded from school and
- training, work experience and employment opportunities for young people in their communities.



## **4. Service Delivery**

### **Trends in government funding and service delivery**

- *SA Health*

SA Health funding to the NFP sector supports direct service delivery, research, and the work of some peak and advisory bodies. A diverse range of activities is supported, for example, Aboriginal health, drug and alcohol services, health promotion, mental health and research. The services provided by SA Health funded NFPs are diverse and in some cases there are limited providers due to the unique services required.

In addition, grant funding has been provided to assist the NFP sector to develop, through support for workforce development, ongoing research, performance measurement and facilitation of partnerships.

In recent years, SA Health funding to NFPs has expanded. In 2007, SA Health provided funding for over 120 NFPs. In the financial year ending 30 June 2009, SA Health provided more than \$60 million funding to over 130 NFPs.

As an example of funding growth, about \$3.4 million was provided by SA Health in 2001-03 for mental health related NFPs, and this has risen to over \$23 million in 2008-09, representing an increase of over 570 percent. Further significant contracting of mental health services to NFPs will continue throughout 2009-10 and onwards, specifically in the area of supported accommodation and aged care.

Some 90% of SA Health's funding to mental health focussed NFPs is for the provision of non clinical community based psychosocial services. The remaining funding covers areas such as self help associations (e.g. eating disorders, panic and anxiety etc), sector advocacy, training and service evaluation.

In terms of accommodation, there has been a shift to fund community housing associations to acquire housing assets to provide housing for specific client groups. This approach has required the development of integrated service models that encapsulate holistic services, for example housing, clinical support and community-based supports for particular clients.

SA has commenced a process to contract many of the NFP service and evaluation functions through tender processes. However, there are a number of clinical services provided by General Practice SA (formerly the SA Divisions of General Practice) for which contracting is by direct negotiation. Similarly, funding for self help associations, advocacy and training are provided by direct negotiation with the respective NFPs.

- *Department for Families and Communities*

DFC continues to distribute, monitor and evaluate grant programs to provide valuable community services for the South Australian community, in the areas of disability, home and community care, families, youth and children, Aboriginal issues and housing support. DFC is a major contributor to the non-government community sector distributing



approximately \$332 million annually to community services. This funding was allocated to approximately 579 organisations for 1,367 projects in the 2008-09 financial year.

The South Australian Government's 'Keeping Them Safe - In Our Care' agenda has an overarching goal to reduce the number of children coming into care. *"This means tackling the conditions and circumstances that put at risk the safety and wellbeing of children and their families"* (Keeping Them Safe - In Our Care, September 2006).

In response to the increased number of children coming into state based care (approximately 11% per annum growth for each of the past four years), DFC has made the commitment to deliver family support services that help vulnerable families and prevent children from entering or becoming entrenched in the child protection and care system.

In June 2008, the SA Government approved \$28.2 million over four years to support families in contact with the statutory child protection and care system, as the 'Stronger Families Safer Children Program'.

NGOs have been funded to provide families with access to a wide range of support services to achieve the outcomes of stabilising and supporting families so that they are in the best position to care for children, in a safe environment. This work is being undertaken in close partnership with Families SA District Centres.

- *Office for Recreation and Sport*

Core business funding, facility development grants and special initiative project funding to state recreation and sport associations, clubs and other key agencies is provided through the Office for Recreation and Sport. Previously this core business funding was provided as an annual grants program, however this has been extended to a three year grant program, in order to provide greater security to the sector and enhance the ability of the sector to plan for the future. The funded NFPs report against a set of KPIs annually and these are used in discussions with the organisation. The Office also conducts an audit of grant reports to inform ensure the validity of the KPI reports.

- *Natural Resources Management*

The SA Natural Resources Management Program provides \$500,000 for grants to community groups in South Australia to carry out local natural resources management projects. Grants of up to \$10,000 to eligible community groups are available for a variety of natural resources management activities, such as watercourse fencing, sustainable farm practices and pest control.

#### Issues with multiple funding agencies

The Commonwealth Government has contracted with NFPs for services arising from initiatives in the COAG National Action Plan for Mental Health, developed in 2006. Many of these services have strong correlations to services provided by South Australian based NFPs that are also funded by the South Australian Government.



This approach can result in access and priority issues, because both jurisdictions operate independently. Furthermore, the dual operating arrangements generate a number of care coordination issues. SA Health is hopeful that these issues will be resolved through the current COAG review of Roles and Responsibilities.

Similar issues arise for NFPs that administer/provide Aboriginal health programs. Programs often fall within the responsibility of a range of government portfolios such as health, housing, welfare, transport and education and also within various levels of government. This means that NFPs have multiple funding agencies all with different reporting requirements. Even small Aboriginal Community Health Services can have multiple funders with different reporting requirements.

#### **Home and Community Care (HACC) program**

HACC is jointly funded by the Australian and South Australian Governments for community care services to frail aged and younger people with disabilities, and their carers. In 2008-09 a total of 150 agencies received HACC funding, of which \$64.7m or 43% was made to the non-government sector. This funding ranged from \$2,760 per annum to \$16,104,700 per annum.

Sixty-five organisations received less than \$250,000 per annum, the majority of which were small volunteer-run community organisations, including Culturally and Linguistically Diverse (CALD) or Aboriginal specific. As well, 17 NGOs received funding greater than \$1 million per annum. The diversity of NGOs required the SA Government Office for the Ageing (OFTA) to manage organisations differently, utilising a risk management approach to focus on those organisations with the greatest amount of risk. Small volunteer-run agencies with limited capacity are provided with greater assistance to manage their HACC programs than the larger NGOs. As well HACC has specifically invested in developing the capacity of not-for-profit organisations through:

- corporate governance training for Aboriginal-specific agencies
- workforce planning training for all agencies
- national service standards training and support for ethno-specific agencies
- training and support for minimum data set reporting for all agencies.

In 2006-07 a three-year project commenced to reform HACC growth funding allocation in SA in order to implement business process improvements that met the needs of key partners and stakeholders, increased efficiency, and ensured value for money in the provision of HACC services. A review of the Open Submission process, used since HAAC's inception in 1985 found unintended consequences to the program, including service fragmentation, duplication in geographical areas and services operating in isolation and in competition with each other.

Research and consultation with other jurisdictions within Australia and also international best practice indicated that the open submission process did not support the best purchasing decision in every instance for community service programs. Most notably, international and other Australian jurisdictions are moving away from a 'one size fits all approach' in the allocation of funding for community services.



As a result, new funding allocation processes are being implemented that improve, streamline and reduce the burden of administrative processes associated with the HACC Funding Round. These include Direct Allocation and Invited Submission. Decisions are made by considering the risks and benefits based on the characteristics of the services to be funded and organisations available to deliver the required services. The following criteria will be used in the 2009-10 HACC Funding Round:

#### Direct Allocation

- OFTA negotiates directly with a service provider to jointly develop a proposal for Ministerial approval for an identified service priority. This is mainly used to allocate funds to Aboriginal and ethno-specific service providers in cases where they are the best placed to deliver a particular priority service to their community members. It is also used where there is a sole provider capable of providing the required service and a relatively low level of funding available for this purpose. In such cases, it may not be financially viable for the Department or the sector to adopt an open competitive process as the costs of this approach outweigh any benefits.
- In the 2009-10 Funding round, approximately 50% of the growth funding available for allocation will be funded by Direct Allocation.

#### Invited Submission

The following criteria will be used to determine which agencies will be invited to participate:

*Metropolitan Regions* - targeted agencies that receive recurrent HACC funding to support frail older people and their carers in metropolitan regions, where 75% or more of their clients are aged 65 years or over. This process does not cover:

- agencies which are not direct service providers (e.g. peak consumer or industry bodies)
- agencies funded to deliver a single service type not identified as a priority in 2009-10
- agencies delivering a single service type identified as a priority in 2009-10, with which OFTA is negotiating via a Direct Allocation process
- multicultural and Aboriginal community organisations, which will be funded via Direct Allocation processes.

*Country Regions* - targeted agencies that receive recurrent HACC funding for services to frail older people and their carers in identified regions, as well as Commonwealth funded providers of packaged care in the region.

The HACC reforms are also consistent with the DFC Grant Management Reforms and reforms occurring at the National level through the Commonwealth Government's - *A New Strategy for Community Care - The Way Forward*. These issues have been further acknowledged in the State Government's approval for the funding of community services to be exempted from the State Government's procurement legislation and policies.



## **Arrangements for government funded service delivery**

A range of grant reforms have been undertaken to simplify the allocation of funding. Contracting arrangements were streamlined, with the Department of Health and DFC using the same format for Master Agreements and Service Agreements. Both Departments are now sharing information about the amount of funding that is allocated to community organisations. Changes have also been made to the way in which funding is distributed. Funding is now provided in a more coordinated and collaborative manner than previously.

A broad range of methods to distribute community services has been developed in conjunction with the establishment of improved decision making processes related to funding. There are new standardised contractual arrangements that are consistent and appropriate for the sector.

As well, DFC and the Department of Health are currently reviewing the Master Agreement with key peak organisations, collaborating to develop a robust document that clearly outlines terms and conditions that is state of the art, reflecting current obligations of all parties.

For many years, Government funding to NFPs was mostly provided to assist NFPs to improve the lives of vulnerable people in the community, for example to help the homeless, to provide meals and to provide accommodation. Often there were no real conditions or outcomes attached to the funding.

However, more recently the level of funding has become significant and required a greater level of accountability, to ensure that value for money was achieved and community outcomes were being measured.

The change in focus has also been driven by changes in policy, procedures and government reporting and accountability requirements to better manage the allocation of funding and to monitor the service agreements.

The level of accountability has risen significantly such that many services now require:

- service models of care
- service specifications
- service standards
- unit costs
- key performance indicators
- data collection.

Larger contracts are evaluated to determine if objectives are met and often management committees are set up between the service funder and provider to manage contract performance throughout the life of an agreement. This is leading to changes in contract management and reforms of grants management processes.



Although still in development, the following proposals are being explored by DFC in relation to community services:

- *E-Guide to purchasing and funding guidelines.* A web-based e-reference guide which provides a guided pathway for undertaking the functions of purchasing or funding, contracting and performance management.
- *Financial costing framework and methodology.* Development of a costing methodology tool that can be applied to the costing of services contracted through the NGO and community services sector.
- *Regional planning framework.* Building upon the regional profile work and other related initiatives being undertaken in DFC to develop a regional planning framework (initially being trialled in the Northern Adelaide Metropolitan region).
- *Grants funding communication strategy.* Development of an annual Grants Funding Communications Strategy document that provides funding and contracting information to the NGO and community services sector.
- *Outcome based and integrated contracting framework.* Development of documented procedures and processes to implement KPIs, outcome based measures and integrated contracts for grant funded community services.

There has also been an increasing trend to integrate the services of NFPs into the wider service delivery model to support people in the community. However one of the barriers to this is access to (and sharing) of Government Information Technology (IT) systems. It is rare for NFPs to have access to Government IT systems when managing clients referred by Government.

For mental health, SA Health has adopted a strategy of seeking cost/resource inputs from NFPs in the delivery of services to ensure that services are properly costed and funded adequately. It is a high risk strategy to underfund a service provider, especially when dealing with high risk clients.

It is considered that work at the national level should be undertaken to develop consistent pricing approaches for services. While not advocating an approach similar to casemix funding in hospitals, it is suggested that the Commission could consider options for developing better mechanisms to allocate and manage government funding, including work at the national level to develop consistent pricing approaches for services.





## **5. Trends and developments**

The relationship between governments and NFPs has changed significantly in recent years in the way services are delivered. Areas include:

- joint oversight management of service outcomes
- detailed partnership arrangements
- longer term funding arrangements
- joint development of service models and standards
- commitment to improving governance arrangements
- more strategic approach
- greater levels of accountability and risk management
- recognition of staff retention and training.

DFC has in place strategies to strengthen work and partnerships with the community sector:

- On behalf of the Community and Disability Services Ministerial Advisory Council, DFC is managing the *Workforce Village*, an electronic tool that aims to provide training information, workforce support and promotion of useful recruitment and retention strategies for the community sector. Discussions with the sector have been underway to ensure it is a useful and valuable tool.
- Additional 1% indexation on funding to the non-government sector has been provided by the DFC and the Department of Health to support, in particular, employee wages and conditions. This has been done in collaboration with SACOSS and relevant trade unions to assist organisations take up the offer made by Government. In 2008-09 this was offered to 247 organisations funded through disability, alternative care, families, community, peak bodies, neighbourhood development, Aboriginal programs and housing program areas. A total of 171 organisations, or 69%, have accepted the additional funds compared to 143 in 2007-08.
- DFC offer training on specific issues around quality systems, strategic planning, occupational health welfare and safety, governance, risk management, and communication to the NGO sector. One-on-one support for organisations around governance issues is also offered and the community sector is invited to participate in other training opportunities, including the Common Ground agreement, youth participation training and the business excellence development seminars.