



Great Southern Employment Development Committee
228-232 Stirling Tce
Albany WA 6330

Attention: Tracey Horsfall

Contribution of the Not for Profit Sector
Productivity Commission
GPO Box 1428
Canberra City
ACT 2601

18 November 2009

Dear Ms Horsfall,

Submission on the Contribution of the Not for Profit Sector

The Great Southern Employment Development Committee (GSEDC) welcomes the Productivity Commission's call for reform of the Not for Profit (NFP) Sector and the Draft Research Report released on 14 October 2009, while acknowledging the contributions that have already been made by other organisations.

Brief Overview

The GSEDC has been a regional leader and champion of employment, education and training issues with a history of influence in the Great Southern region over the last 20 years. This region covers 38,917 square kilometres in the South Western corner of Australia. The regional port city of Albany, with an approximate population of over 33,000 lies on the Southern coast and is the administrative and transportation hub of the region. The region extends to Jerramungup in the east, Walpole in the West and Kojonup and Woodanilling to the North.

Its 18 members represent a broad range of groups in the Great Southern regional community including: state and local government representatives, registered training organisations (private and state operated), youth and Indigenous representatives, community groups (eg the Police and Citizens Youth Club), business and industry representatives, such as the Albany Chamber of Commerce and Industry, group training companies and representatives from the natural resource management sector.

The GSEDC's board members' depth of experience, knowledge and networks ensures the committee's pro-active participation in policy development at regional and higher levels, allowing input into best-practice and national reform for the NFP sector. Formal submissions to the State and Commonwealth Government on key issues within the GSEDC's sphere of influence are listed separately in Attachment A.

Response to the Recommendations in the Draft Report

In endorsing all of the recommendations outlined in the Draft Research Report, the GSEDC urges the Commission to consider the sustainability of small NFPs in a competitive environment in fine-tuning its recommendations. Using sustainability as an over-arching theme, we therefore take this opportunity to highlight some specific issues that have a significant impact on NFPs in our region and provide suggestions for enhancing some of the draft recommendations.

Sustainability of Small NFPs in a Competitive Environment

Sustainability is the most critical issue facing many small NFPs in this region. To remain sustainable, NFPs rely on their ability to attract and retain skilled and experienced Board and staff members and their capacity to meet increasingly challenging tendering, contractual and reporting requirements in an increasingly competitive environment.

Boards of Management

Board responsibilities have become increasingly onerous; it is difficult to attract skilled and experienced people to commit to Board positions and retain them. While the GSEDC welcomes the push to build governance capabilities by supporting and developing training for boards of management (Draft Recommendation 10.4), more needs to be done to encourage participation and retain corporate knowledge. Draft Recommendation 10.3 goes some way towards addressing ‘workforce planning for the community’ and should include the consideration of board of management members. This should also be addressed in developing risk management frameworks (Draft Recommendation 12.6).

Staffing

Equally, it is very challenging for NFPs to attract and retain experienced and skilled staff faced with job uncertainty and the possibility of relocation. Again, this needs to be considered in ‘workforce planning for the community’ (Draft Recommendation 10.3) and in developing effective risk management frameworks (Draft Recommendation 12.6). Many staff in the not for profit sector in our region are relatively underpaid in comparison to the private and government sectors and should reasonably expect to be paid ‘market wages’ that match their skills, qualifications and experience (Draft Recommendation 10.2).

Contractual Arrangements

Contractual arrangements have been a moving feast for many organisations requiring the capacity for remarkable adaptability. While the purchaser-provider model (see Draft Recommendation 12.1) works well for long-term projects, the preparation of competitive tenders is a resource-hungry task that fuels job uncertainty. In addition, it is challenging for NFPs to make seamless transition arrangements to new contractual arrangements for existing core business services with funding cuts. Another issue relating to the transition between contracts is how to manage the client/customer expectations of the NFP as one service concludes and another commences. This can be confusing for clients/customers and much time can be spent (and sometimes credibility lost) in educating this important group during the transition from delivering one service to another.

Contractual and reporting requirements for short-term projects and smaller projects can be out of proportion to the level of funding they attract and while outputs (projects and activity) are an essential component of successful outcomes, they are a means to an end and not the end in themselves. Draft Recommendation 12.7 to streamlining tendering, contracting and acquittal requirements goes some way to addressing this issue and is therefore welcome. A star rating system could be adopted for NFPs to determine the organisation's level of quality assurance; this would include compliance, governance and accountability and should interface with existing best practice models such as those required to endorse registered training organisations.

Draft Recommendation 11.3 is particularly welcome in addressing the need to 'provide for reasonable compensation for providers for the costs imposed by changes in government policy'. Addressing calls for submissions such as this one is considered an important role of pro-active regional peak bodies such as the GSEDC, however it is an additional drain on stretched resources for any NFP and many smaller NFPs may be unable to justify the time and expense away from core business activities.

Internet Speeds in Remote Areas

Many small NFPs in our region are disadvantaged by slow internet speeds and are experiencing difficulty communicating and lodging tenders electronically. This not only results in stress and frustration, it can also incur significant expense in couriering documents, such as State and Commonwealth Government tenders.

Challenges for Partnerships

The GSEDC has a history of effective and successful partnerships that support diversity among providers and actively supports greater collaboration in joint tender arrangements, eg through the lead agency model in the COAG framework. It is the GSEDC's view that the consortium approach to tenders adds value, strategic direction and influence to services provided, drawing on the networks and knowledge of broad-based community input across the region that will lift those regional services to new levels. Linking contracts in this way can result in the best possible coordinated service for the region, informed by powerful regional networks and supported by best practice and effective and sustainable partnerships.

To meet the Council of Australian Government (COAG) youth transition and education attainment reform agenda, several consortia bids have been made by regional agencies. The GSEDC has submitted a Partnership Broker bid, partnering with two other agencies in a consortium-approach to the delivery of Career Centre and Youth Connections services. This is the first time in its history that the GSEDC has tendered a competitive bid, which required a delicate and resource intensive negotiation process with partners.

However, when one agency is contracted to deliver a project that requires shared Key Performance Measures (KPMs) for shared clients, issues arise for NFPs. With shared KPMs, each agency's competitive edge is potentially at risk if it is too interactive in sharing information with its partners. Similarly, confidentiality and privacy issues present with shared clients. These sensitive issues are being addressed at a local level and must be taken into account when governments develop any proposed streamlined contracting and tendering requirements, master agreements and risk management frameworks (see Draft Recommendations 12.6 and 12.7). The GSEDC acknowledges that the recently held DEEWR/KPMG workshop on consortia went some way to addressing these issues. Whilst GSEDC acknowledges that there are risks involved with sharing knowledge and ideas in a

competitive environment, it also believes that the benefits of sharing ideas and knowledge that collectively benefit the client such as reduction in duplication and better coordination of services should not be underestimated.

The GSEDC will continue to follow the national reform process with interest and looks forward to future opportunities to participate at a strategic regional level.

Yours sincerely

GEOFF BOWLEY (Chair)

Attachment A

Formal submissions to the State and Commonwealth Governments on key issues within the GSEDC's sphere of influence

1. 1996 A written response to the Department of Employment, Education, Training and Youth Affairs call for public submissions provided as part of the 'Reforming Employment Assistance – helping Australians into Real Jobs.' The GSEDC provided the funding for this research.
2. 1999 A 27-page submission to the House of Representatives Standing Committee on Employment, Education and Workplace Relations. The inquiry was into issues specific to workers over 45 years of age seeking employment, or establishing a business following unemployment.
3. April 1998 A written submission to the Australian Senate's Employment, Education and Training References Committee, responding to the Regional Employment and Unemployment Inquiry. As a result of this submission, GSEDC was invited as one of only six witnesses in Western Australia to give evidence at the public hearing into Regional Employment and Unemployment. GSEDC funded this research through its own financial reserves. Travel to attend as witnesses was funded by the Senate Committee.