



NADA submission to:

NSW Health

**Discussion Paper: NSW Health NGO
Program Review October 2009**

November 2009

The Network of Alcohol and other Drugs Agencies (NADA) is the peak organisation for the non government drug and alcohol sector in NSW. NADA's goal is to support non government drug and alcohol agencies in NSW to reduce the alcohol and drug related harm to individuals, families and the community.

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INTRODUCTION

The Network of Alcohol and other Drug Agencies (NADA) is the peak organisation for the non government drug and alcohol sector in NSW, and is primarily funded through NSW Health. NADA's membership comprises approximately 90 agencies across NSW and the ACT, ranging from health promotion, early intervention, treatment, and after-care programs. These agencies are diverse in their approach to service delivery and structure and make up approximately one third of the drug and alcohol sector in NSW.

NADA's goal is 'to support non government drug and alcohol agencies in NSW to reduce the alcohol and drug related harm to individuals, families and the community'.

The NADA program consists of sector representation and advocacy, workforce development, information/data management, governance and management support and a range of capacity development initiatives. NADA is governed by a Board of Directors elected from the NADA membership.

Further information about NADA and its programs is available on the NADA website at www.nada.org.au.

PREPARATION OF THIS SUBMISSION

NADA welcomes the opportunity to provide input into such an important area of work for all non government organisations providing health and related services in NSW.

The comments provided in this response have been prepared by NADA staff on behalf of the NADA membership. Comments have been informed by work undertaken by the NADA Policy and Advocacy Subcommittee (a subcommittee of the NADA Board of Directors) as well as input from individual NADA members. This submission has also been informed by the draft research report on the Contribution of the Not-For-Profit Sector produced by the Productivity Commission (released October 2009) and NADA's response to this report, both of which details many of the current issues facing the NGO sector and offers well informed and considered recommendations to move forward.

NADA would be happy to discuss any of the comments made in this submission further with NSW Health and particularly with the contractor leading the review process.

NADA STATEMENT OF PRINCIPLE

A primary policy priority for NADA as outlined in NADA's Strategic Policy and Advocacy Framework 2009 – 2011 is the ***sustainability and development of the non government drug and alcohol service system.***

NADA advocates the following which will be further elaborated in subsequent sections of this submission:

- Comprehensive and fundamental reform of grants administration processes is required to reduce the burden on non government organisations (NGOs) and provide for more streamlined reporting across funding programs and funding bodies, at a State and a Federal level. Funding should cover the true costs of service delivery including financial and human resources management, administration, reporting and evaluation.
- Detailed workforce and sector planning at a state-wide and national level in the drug and alcohol and broader human services sector is needed to address issues such as recruitment difficulties, the salary and entitlement disparities between the government and non government sectors and the development of better articulated career pathways for workers in the sector, in particular frontline workers.
- The non government drug and alcohol sector in NSW should receive adequate funding to undertake detailed evaluation processes and ongoing research to demonstrate the effectiveness of their programs, particularly for new or pilot programs and contribute to the broader evidence base of drug and alcohol related service delivery.

GENERAL COMMENT IN RELATION TO THE NGO GRANT PROGRAM REVIEW

While NADA is supportive of the review of the NSW Health NGO Grant Program, NADA firmly rejects the NSW Government mini budget target of \$11 million in savings back to government from the NSW Health NGO Grant program.

This is for two reasons:

1. The quantum of funds within the NGO Grant Program are not sufficient to meet actual costs of service delivery for those organisations funded under the program – grants are a contribution to costs of NGO service delivery and do not cover full delivery costs. Therefore, cuts to the NGO program cannot be a measure to improve efficiency.
2. The removal of such a significant sum of money from the NGO Grant Program will result in the reduction of health service delivery by the NGOs funded under the program, thus impacting on individuals, families and the broader community's health and wellbeing. This is of particular concern as there are many instances of NGO services been delivered as a result of unmet need by government service provision or as contracted service delivery in place of government services.

Additionally, a key question NADA has of NSW Health is to what extent will previous relevant reviews and their findings be taken into account? Previous reviews, as mentioned on page 11 of the Discussion Paper, have covered similar ground and make consistent

recommendations in the areas of reducing red tape and improving coordination associated with grants administration, supporting workforce and organisational capacity building, and developing community sector and industry workforce planning.

RESPONSE TO THE ISSUES IDENTIFIED

STRATEGIC DIRECTIONS

General question

Question 1: How should NSW Health ensure that the health funded NGO Program aligns with or is complementary to the NSW State Health Plan and other relevant NSW Health plans/strategic directives?

NADA believes that this question should include appropriate recognition of the role of NGOs as key partners in the deliverables of the NSW Health State Plan rather than the NGO Program simply 'aligning to' or 'being complementary with' the Plan. NGOs, as key service providers with a strong level of community connectedness, can provide important information to *inform and shape* government thinking with respect to State or Departmental planning. Crucial to the relationship between government and non government health service providers is the development of a culture of inclusion and mutual respect and recognition for the NGO sector instead of the sector being seen primarily in terms of contract and performance management.

Given that the NSW Health NGO grant program is 'historical', that is, it developed out of an applications process driven by the sector; it will be difficult to achieve an alignment reform across the range of program areas. As the peak body for the non government drug and alcohol sector, NADA's comments for this section will be contained to the NSW drug and alcohol program. Due to a number of reforms in the drug and alcohol program area over the last decade, largely driven by the NSW Drug Summit in 1999 and NSW Alcohol Summit in 2003, the services provided by the non government drug and alcohol sector are somewhat aligned to the NSW State Health Plan. Despite this, concern from the non government sector has been raised that drug and alcohol service delivery priorities could be better articulated (particularly in the area of health promotion, prevention and non-residential treatment services). This issue has been raised through recent consultation processes conducted as a review of NGO drug and alcohol funding by the Mental Health and Drug and Alcohol Office.

It is the view of NADA that NGO program alignment with respect to the State Plan and NSW Health plans should be a function of meaningful two way consultation with the sector. To date, this has occurred through NGO presence at and submissions to the 1999 Drug Summit and the 2003 Alcohol Summit and through NADAs involvement and participation in the governance mechanisms arising from these two policy events – the NSW Health Drug and

Alcohol Program Council, the NSW Drug and Alcohol Workforce Development Council and a number of Council Committees and Departmental Working Groups.

There are still significant opportunities for the NSW Health Drug and Alcohol Program, and beyond, to involve the sector in planning and program development. The biggest issue is the lack of genuine joint planning by Area Health Service (AHS) drug and alcohol programs that incorporates NGOs (as a partner in service delivery). It is at this level that a disconnect exists between AHS and NGO drug and alcohol service delivery. AHS planning needs to ensure that regular and meaningful joint needs analysis and planning processes occur with the NGOs in their area. This would involve the formal recognition of their status as part of drug health services (including full membership of all drug and alcohol policy and committee structures) and the integrated use of the service data that they collect in AHS needs assessment and planning.

Specific questions

Question 2: How should the NSW Health NGO Program ensure that the planning and allocation of resources reflects community demographics, emerging models of care, results of demand analysis and evidence of what will provide the greatest return on investment?

As noted in Question 1, NADA believes the NGO sector's intimate knowledge of the communities it works with is an important source of information on community demographics and emerging needs and should be better utilised to inform health priorities and planning. This could be achieved through improved health planning processes which recognises and included the roles of NGOs in health service delivery.

Population based planning models supplemented with local/regional NGO needs data and systematic consumer input (which is not currently a part of some program areas such as drug and alcohol) should be established so that NSW Health can better grasp the range of factors and issues affecting individuals, families and the community in relation to health.

With regards to the drug and alcohol NGO sector, the current manner in which funds are allocated do not reflect community need, evidence or effective models of care. The funds allocated do not adequately take into account the quality, diversity or complexity of services delivered.

Currently, there is no method (apart from one off AHS grants which are not sustainable sources of funding for NGOs) for NGO funding to be modified to meet new or emerging needs. This severely limits the capacity of the NGO sector (and the NSW Health service system of which NGOs are a significant part) to plan and respond to community demand for services.

SERVICES PROVIDED BY NGOS

Question 3: What processes should be in place to ensure that grant funding is appropriately distributed across regions, program areas and service types?

The planning processes conducted by NSW Health and AHSs should be regular, transparent and inclusive of NGO service delivery. NADA believes it is vital for NSW Health to improve the knowledge and data on the range and extent of services provided by the NGO sector. This would include specific details on services provided, client groups reached and impacts or outcome over the short and longer term, as well as current funding details. Without this information, the equitable, transparent and needs based funding will not be effectively achieved.

Simple quantitative models of funding (e.g. based on service contact, an episode of care, or 'bed days') are unlikely to produce an appropriate or equitable distribution of funding as they fail to consider service quality or diversity or client complexity. Factors such as the government/non government service delivery split in different program areas as well as specific factors such as organisation size, service location, client groups and types of service delivery should be considered in the distribution of grant funding.

A significant amount of data is already collected by service providers in both the NGO and government sectors and this should be used to inform service planning and funding at an agency, local and state level. Organisations should be supported to build their evidence through research and evaluation in order to contribute to the broader knowledge base and informed funding distribution.

And of course, needs analysis that is informed by all service providers and those connected to the specific client groups must inform funding distribution.

NSW HEALTH GRANT ADMINISTRATION AND GRANT MANAGEMENT PRACTICES

General question

Question 4: How can grant administration and grant management processes be improved?

NADA believes that comprehensive reform to methods of grants administration and management (including performance reporting and monitoring) is critically needed. Key areas include the lack of funding for research and evaluation, competitive tendering as the

preferred method of grants distribution, the reduction of the duration of funding and performance agreements, the significant increase in reporting and accountability requirements, and the poor use of data collected by the NGO sector. These factors are all inter-related and, combined with inadequate funding for administration and quality improvement programs, are contributing to an increasing compliance burden for NGO service providers at the expense of service delivery.

Firstly, there is a lack of resources provided through funding sources by governments for detailed evaluation, research and information dissemination. This limits an NGO service provider's capacity to improve and develop their programs and build evidence on program effectiveness. As noted in the recently released draft report on the contribution of the not for profit sector by the Australian Government Productivity Commission, *"Too much attention is paid to managing NFPs (productive efficiency) and not enough in assessing the effectiveness of their activities when funded by government (to inform allocative efficiency). This reflects a lack of capacity not just in NFPs but also in government agencies for meaningful evaluation."* (Productivity Commission 2009, p. xxxvi). Lack of funding for evaluation particularly impacts upon services or projects that are funded under a short term contract or as a pilot process. Short term contracts (one and two years) generate uncertainty, inhibit innovation and are detrimental to NGO forward planning and ongoing sustainability. They also present significant industrial issues with respect to staff recruitment and retention.

Competitive tendering, a method of grants distribution increasingly favoured by government should not be the only model of grants distribution considered by government. It is not appropriate in all circumstances and can increase competition and reduces collaboration between organisations. NGOs are starting to treat their service modelling, delivery and developmental processes as 'commercial in confidence' as other NGOs providing similar services are now effectively their competition for funds. This can stifle the growth and innovation of the NGO sector and limit the knowledge base of good practice.

With respect to governance and accountability arrangements, the movement towards competitive tendering has engendered greater levels of accountability and increased compliance costs. There are four accountability mechanisms:

- Financial reporting
- Service performance reporting
- Compliance with service standards and guidelines reporting
- Client data reporting

NADA is aware of many cases of accountability duplication with organisations having multiple agreements for their services, often from the same funding body (due to enhancement funding or different funding streams). Each separate activity (even where it is exactly the same service as the existing service delivery) carries with it a separate set of performance indicators, quality specifications and data collections. This is particularly burdensome in the context of services that provide complex human services for people with

multiple and complex needs (such as clients of drug and alcohol services) that require services under multiple programs. This issue needs to be addressed as a first priority.

The issue of administrative duplication is reflected in a recently published report by the Australian National Council on Drugs (ANCD, 2009) on the burden of submission writing and reporting on drug and alcohol NGOs. The report noted that on average, an organisation completed reports for 11.3 separate program agreements in a 12 month period and that 70% of respondents reported submission and reporting requirements had resulted in additional costs for their organisation, with smaller NGOs more adversely affected than medium/larger NGOs.

A suggested process that can support a reduction in administration yet retain surety for the funder, is for organisations to hold a 'core' funding and performance agreement with standard performance indicators and reporting, and then the use of 'supplementary' agreements for specific or additional funding with performance indicators and reporting that dovetail and complement the 'core' agreement. NADA strongly supports this model of funding agreements.

In regards to sustainability and indexation, NSW Health should ensure that indexation is applied to grants annually at a level consistent with the consumer price index. This will allow agencies to meet increasing service costs, including wages that increase as a result of inflation, and will contribute to organisational sustainability. The application of indexation by NSW Health should match other government department indexation methods (rather than at a level that is less than other departments as was the case in the 2007/08 financial year).

Finally, there is currently much waste of the valuable data collected and reported by NGOs due to the lack of data integration by AHSs and NSW Health. The processes and structures to improve planning outlined above in previous questions are applicable to this question as well.

Specific questions

Question 5: How should funding and performance agreements be improved?

NADA believes that it is important for NSW Health to recognise the costs of managing multiple contracts. There should also be greater consistency across funding and performance agreements (FPAs) particularly where the similar or related services are being provided for the funding.

As mentioned previously, a recommendation that NADA puts forward is the 'core' or 'heads of agreement' style FPAs for different aspects of service provision funded by the same government department as part of their whole program structure (e.g. residential rehabilitation treatment programs that provide treatment, vocational education support and

training, family support, aftercare etc). This would replace the current practice of multiple funding agreements held by one organisation with the same funding body.

Question 6: How should reporting requirements be improved?

A summary of key reforms that could greatly improve current reporting arrangement for NGOs are:

- A common chart of accounts (this recommendation has been noted in a number of reviews of NGO grants administration including the recent Productivity Commission draft report)
- Reporting timeframes that are synchronised within NSW Health and also with other government funding bodies (at a State and Federal level)
- Less frequent reporting time frames - annual reporting is preferred above quarterly and six monthly timeframes
- Data requirements rationalised to those that will be used by the funding body (no 'reporting for the sake of reporting') and that are consistent across AHS.

Question 7: How should key performance indicators be improved?

Similar to reporting timeframes, key performance indicators (KPIs) should be streamlined within and between government departments to reduce the amount of time spent and complexity of preparing funding reports.

NADA believes that ideally, both government funders and NGOs need to move to a more outcomes based approach to performance indicator reporting. There are sound models for this type of service planning and reporting frameworks such as results based accountability (RBA). By utilising an RBA approach, both NGOs and funders will be able to identify key goals and measures for services and programs with clear and mutually agreed performance data that will go to measuring both success and improvement (e.g. client wellbeing, service system improvements). A significant shift in current NSW Health grants administration processes is required for this change in approach to occur, this would require continued commitment, enhanced investment and collaboration and a period of transition.

Evidence of undertaking evaluation and monitoring (which is a fundamental part of quality improvement programs) should be included as a key performance indicator for NGO performance reporting (on the basis that this activity receives dedicated funding). The need for focus on evaluation in the not for profit sector has been highlighted recently by the Productivity Commission which stated, *"While measurement of overall sector activity is important, it is the specific evaluation of NFP activities that best informs ways to improve effectiveness and the allocation of resources over time,"* (Productivity Commission 2009, p. xxii)

It must also be noted that KPIs need to retain some flexibility to meet emerging needs and to be reviewed to ensure applicability to current funding, service provision and growth of the

organisation. The development of KPIs must be undertaken as a partnership between the funder and the service providers.

Question 8: How should the process for establishing and renewing grants be improved?

A more flexible and collaborative method of grants establishment which includes negotiation and consideration of the principles put forward by NADA in Questions 1 and 2 with regards to revised AHS planning processes is required. As mentioned above, current NGO grant monitoring structures and processes don't regularly feed into NSW Health and AHS service planning and design processes. Most NGO grants are assessed mechanically and with no reference to AHS' overall service delivery. There is little evidence to support NSW Health and AHS effectively using data provided by NGOs.

A fundamental issue that must be addressed as part of the NGO Program review is the time frames for implementing funding agreements and the allocation of funds. It is common for agencies to be 6 months into a 'funding period' without a signed agreement and without funds, but with the expectation that service delivery and the retention of staff continue. Both the NSW Health department and AHS should ensure that renegotiation of grants (including the finalisation of new funding and performance agreements) occurs well before the ending of the grant period to ensure that agencies receive funds on time and to assist in agency human resources processes (such as renewing staff contracts). Ideally, planning and negotiation between the NGO, the AHS and the Department should commence in Year 2 of a 3 year grant.

NGO SECTOR FINANCIAL MANAGEMENT, QUALITY IMPROVEMENT AND CAPACITY

General question

Question 9: How can NGO financial management, quality improvement and capacity be improved?

Most NGOs have evolved to meet particular community needs, e.g. residential drug and alcohol treatment, long term rehabilitation and community support for people with mental health issues. Often NGO services have evolved from a demand not met through government service delivery. The sector has a strong client focus with the emphasis on service delivery and support to clients. It is from this context that NGO service improvement including financial management, quality improvement and capacity building should be viewed. Reforms that better recognise the administration and compliance costs of managing NGO services and multiple government grants and see quality improvement as ensuring a high standard of services for clients rather than a performance and risk management tool are needed in this area.

NGO financial management could be supported through enhanced grant funding to cover a more substantial proportion of administration costs. Many NGOs have only minimal financial and business system support e.g. qualified bookkeeping personnel for only one day a week or fortnight. This is exacerbated by the fact that many NGOs only receive funding as a contribution to service delivery which as noted by the Productivity Commission's draft report, has squeezed wages to a point where it is difficult to find suitably qualified staff. It is also important that government departments ensure payment schedules indicated in FPAs are maintained as NGOs do not often have large cash flow surpluses to cover delayed payments.

The Productivity Commission's draft report (2009), notes a current issue for many NGOs is having the required skills and knowledge to meet increasing accountability requirements from government and private donors. This is an important point to note and training and development in this area is required but strategies need to take into account that ultimate responsibility for meeting these demands (including financial and risk management) falls to NGO Boards of Management which are of a voluntary nature.

The insistence by funders that interest earnings from grant monies be attributed back to department funded activities and not kept by organisations for their own internal business purposes is seen by the sector as problematic. These funders also have restrictive policies around NGOs generating surpluses or retained earnings. NGOs need to be able to develop surpluses through good financial management and independent fundraising activities to underwrite future expenses not covered by government contracts (e.g. infrastructure maintenance and contingencies). Another restrictive policy of some funders is the insistence for NGOs to enter into vehicle leasing arrangements instead of allowing NGOs to purchase vehicles and depreciate them. This policy is seen by most as unreasonable and cost ineffective NGOs.

In the drug and alcohol NGO sector, past NSW Health investment in quality improvement (QI) programs has led to an increase in NGO participation in formal QI programs with many achieving accreditation. It is important to recognise that while the NGO sector has gained many benefits from undertaking such programs, the financial, human resource and time costs of participating in these programs has been largely absorbed by NGOs. NADA advocates for NSW Health to include financial support for NGOs to undertake formal QI programs as part of the administration funding.

An effective model of support for sector QI and capacity building exists within the non government drug and alcohol sector, involving NADA. NADA has had a role in supporting agencies to engage in formal QI programs since the early 2000s. This role has enhanced considerably since 2007 when NSW Health discontinued their project grant to the quality provider engaged and the sector switched to a 'user pays' model for external QI programs. NADA was given enhancement funding around this time which has allowed it to partner with quality improvement providers in the development of resources. NADA also hosts a range of

networking and information forums, and has a specific organisational capacity building program for the sector.

NADA's position within the sector as an advocacy and support body rather than a funder has allowed for the fairly rapid and stable establishment of it as key point of contact for sector development and quality improvement related issues. Feedback from recent events held by NADA to support QI activities with its members has noted very positive feedback particularly around the facilitation of networking opportunities and provision of information (further points will be raised on this issue in Question 13).

Specific questions

Question 10: Should NGOs look for opportunities to share financial administration and if so, how?

NADA believes that shared financial arrangements will be an important feature of NGO development, particularly for small NGOs who have a proportionately heavier administrative burden compared to larger NGOs. The success of such arrangements will depend on well defined partnerships and equitable sharing of resources, including clear governance arrangements and open and transparent administrative procedures. Organisational planning, reporting responsibilities and management policies, particularly with regards to privacy and confidentiality, will also need to be clearly defined.

There are a number of different models that could be explored with varied levels of shared processes between organisations such as outsourcing to a specialist NGO provider, co-location, consortia partnership models, quasi-amalgamation or full amalgamations. A background paper has been developed by NCOSS (2008) on this issue which could serve as a reference point. In order to build evidence and practice knowledge in this area, pilots of such models should be funded by government departments and comprehensively evaluated. An important point to note is that such pilots should be initiated should the opportunity arise through discussion and cooperation between the NGOs involved rather than by a funding body.

Cost benefit analysis will need to be undertaken between organisations undertaking shared financial/administrative services and both staff and management of the organisations concerned will need to have a clear mutual understanding of the benefits of such shared arrangement. As noted by NCOSS in their Background Paper, shared services including financial administration has significant long term benefits but are resource intensive in the short term.

Question 11: What is the role of NSW Health to assist NGOs develop shared service arrangements?

NADA believes that NSW Health has a role in shared service arrangements as an adviser and funder of pilot initiatives, rather than an initiator. NSW Health should work with the NGO sector to set the policy guidelines for such arrangements to assist in their implementation. The department should then assist with monitoring the implementation of shared services/financial arrangements through the relevant branch and through the NGO Advisory Committee. NSW Health will have a role to play in disputes/issues management between AHS and the NGOs they host and this should be supported by the Peak organisations.

It is once again to be noted that shared services arrangements between NGOs must be initiated and driven by the NGOs themselves and not placed into a 'forced marriage' for the convenience of government.

Question 12: Should quality management in the NGO sector be mandatory and is the current NSW Health approach to quality management appropriate?

It is NADA's belief that quality management in the NGO sector should not be mandatory unless it is financially supported as part of an NGO grant. As stated above, clear and consistent policy and a commitment of appropriate funding for the maintenance of QI is yet to be resolved with NSW Health. This lack of a consistent policy position has resulted in many organisations devoting only limited resources to their QI programs. This is a lost opportunity for the development of NGO best practice and benchmarking that could be robustly supported by applying adequate resources to NGOs external QI programs. Most national and international QI providers have a system that goes to benchmarking and leadership levels of accreditation evidence.

It is important that the basis of any departmental quality improvement policy/program focuses on activities to support service improvement rather than risk and performance management.

We also remind NSW Health that the NGO sector is made up of a diverse group of service providers, ranging in size from as little as one paid staff to many hundreds or even thousands. The application of QI programs across this diversity must be cognisant of this and the potential implications it may have.

While NADA believes that QI is fundamental to the ongoing development of the NGO sector, the current NSW Health QI/accreditation policy is unclear and inconsistent across the program areas of the department. For example, the drug and alcohol NGO group has involvement in an external QI program as mandatory (yet not monitored consistently by the relevant branch). Involvement in QI programs is not clear across other program areas.

Funding for involvement in QI needs to be a part of such a system to assist NGOs in managing the costs associated with such programs. We argue that an appropriate level of

funding be incorporated into NGO grants, recognising that some of the costs of the maintenance of QI rests with the NGO provider. Such NSW Health funding should assist with QI related administration, including human and time resources.

NADA believes that better resourcing for QI activities would lead to better benchmarking data being available across the NGO and broader sector. This would support the sector to move to outcomes based funding models which would ultimately ensure more effective use of public funds with respect to NGO service delivery. NADA also suggests that there be better coordination across government departments and QI providers to investigate ways to disseminate best practice and benchmarking data across the sector. Mutual recognition by various government departments of the range of QI standards utilised by NGOs would also need to be part of the policy review (this is an issue that was been raised for action at the 2009 Working Together for NSW Joint Human Services CEOs and FoNGA meeting).

Peak organisations can play a critical role in supporting QI among their members. The NADA Sector Development Program (which includes QI) is a good example. NADA has administered an infrastructure grants program tied to QI and provides support services to members undertaking QI. NADA also plays key a role in working with QI providers to support the application of QI program to the NGOs that are in contract with them.

Q13: How can the infrastructure capacity of the NGO sector be enhanced?

Infrastructure support for NGOs funded by NSW Health may take on a number of forms including:

- Premises at 'peppercorn' rental prices
- Various types of infrastructure grants (some over a three year period and some one-off)
- Funding for quality improvement program and accreditation providers to engage NGOs in external quality improvement programs without NGOs bearing the full cost of program fees
- Other (including Commonwealth) governmental agencies providing a range of infrastructure type grants.

The issue of NGO infrastructure has generally been impeded by an inconsistent property and asset policy within NSW Health and between government agencies (e.g Housing NSW). NADA believes that this is a clear area for reform in the context of this review.

As stated above, Peak organisations have a demonstrated role in supporting NGO infrastructure development. NADA recommends that the model of policy and funding for infrastructure in the drug and alcohol NGO sector be looked at for implementation across the Health funded NGO sector. Continued funds for NGO infrastructure should be clearly identified in department budgets as health and safety issues related to infrastructure are often reported as issues in risk management and quality improvement audits and self-

assessment processes, and NGOs have limited or no capacity to take up these additional costs through current funding arrangements.

BUILDING PARTNERSHIPS

General question

Question 14: How could partnerships, collaborations and communication between NSW Health and the NGO sector be improved?

The response to this question links back to previous statements in Questions 2 and 3 regarding the need for improved communication and planning processes between AHSs and the NGOs that they fund. Improved communication mechanisms between NSW Health and NGOs (through Peak bodies) should also be a priority area for action as will be detailed further below.

Specific questions

Question 15: How could communication practices between the NGO sector and NSW Health be improved, including enhancing the role and function of the NGO Advisory Committee?

NADA believes that the current role of the NSW Health NGO Advisory Committee (NGOAC) is ineffective. For a number of years now, the NGOAC has had poor leadership, little commitment by the Departmental Executive and no 'teeth' in respect of decision making. Communication of issues addressed in the NGOAC has largely been left to the various Peak bodies to disseminate with little follow up by NSW Health. Most of our experience with this committee has demonstrated that it has been principally used by the department as a 'show and tell' event with inadequate consideration of the critical action items of concern to the NGO sector being moved upwards to decision making levels in the department. We believe that the NGOAC has been relegated to a mid level bureaucratic function with no real power to move issues of debate to senior policy level decision making processes.

NADA believes that the first step in this process would be the reconstitution of the NGOAC as the premier body for the management of the NSW Health NGO Grant Program. The NGOAC should become a Ministerial Council, supported by NSW Health with an annual planning framework and a set of specific deliverables and reporting timetable. The NGOAC should include the Health funded Peaks, departmental policy representatives, a ministerial staffer and other appropriate expertise as determined by the annual work plan. Additionally, the establishment of formally constituted NGO program committees at the AHS level should occur to implement the NGO program directives from the Council.

NADA also believes that NSW Health could establish a Health Policy Advisory Group, similar in purpose to the NCOSS Health Policy Advisory Group (HPAG). This could act as a forum for the different health policy areas (e.g. drug and alcohol, mental health, women's health, etc) to exchange information, identify common areas for policy/program development and assess the relative performance of the policy areas from an NGO perspective. The HPAG could have a rotating chair and be supported by the Primary Health Care and Community Partnerships Branch. Clear communication mechanisms for both the NGO sector and NSW Health/AHS would need to be developed to ensure engagement and with all relevant parties.

Question 16: What should be the role, purpose and function of Peak NGOs in regards to the NSW Health system?

NADA believes that Peak NGOs are critical to the relationship between NSW Health and the NGO sector and also to the ongoing development of the sector overall. Peak organisations offer opportunities for tapping into the richness and diversity of the NGO sector, help galvanise sector support around key human services and health issues and marginalised populations. They are also independent of the government and can therefore provide frank and fearless advice and opinion/commentary publically on sensitive social policy and health issues. Peak organisations also provide an efficient and effective platform for the development and delivery of key services and products to support the sector.

In 2007, the Working Together for NSW Joint Human Services CEOs and FoNGA Implementation Committee developed a reference paper titled 'Service Outcomes for Peak Bodies'. The agreed Peak activities are:

- Capacity building contributing to sector development
- Promoting partnerships and cooperation
- Policy development and advocacy
- Consultation
- Research
- Provision of advice and information
- Demonstrating leadership and innovation.

As a set of specifications for the funding of Peak organisations NADA believes the identified activities cover the important function areas. Further definitional clarity would need to be developed when developing individual funding and performance agreements with Peaks. For example, capacity building can constitute a broad range of developmental activities, information management strategies and funding and infrastructure activities. Similarly, sector development tends to be translated as training only, rather than also including advocacy around funding policy and systemic issues.

The NADA program closely reflects the above Peak service specifications and we would argue for a continued role in these areas. NSW Health needs to develop, in close consultation with the Peaks, appropriate funding principles that allows for the ongoing

development of the Peaks' program of activities, which ultimately support the service providers that NSW Health funds.

Question 17: How can communication practices with NGOs that are not affiliated with peak bodies be improved?

Participation on the NGOAC by NGOs not affiliated with peaks would provide an opportunity for those NGOs to be engaged with NSW Health. In order for a range of organisations to participate, involvement could be rotated amongst the NGOS not affiliated with peaks. AHS level NGO program committees may also provide an opportunity for non-peak affiliated organisations to participate.

NADA also notes that membership to some peak bodies is open to organisations whose service type or focus is not solely linked to the sector the peak body represents. For example, NADA has many members whose primary focus is not drug and alcohol service delivery but includes drug and alcohol service as part of their broad range of health, welfare and community services.

Question 18: How could NSW Health improve its consultation practices with NGOs working in, and with, rural and remote communities?

As noted in an early part of this submission, communication and consultation practices could be improved with all NGOs through better articulated relationships with AHSs which include NGO participation in planning processes. A particular point that should be considered for NGOs working in, and with, rural and regional communities is the extent of service provision and the method of funding for service delivery. Due to well known challenges in the health workforce and scarcity of services in rural and remote areas, NGOs are sometimes contracted to provide services in place of or in the absence of similar government services in rural areas (in drug and alcohol, such instances include withdrawal management and outreach services). Where this occurs, there should be recognition of this role through funding the true costs of service delivery (not a contribution payment) and full participation and input into health service delivery planning and review processes. This point should also be considered for specialist NGO service providers working with a range of communities including GLBT, CALD, Aboriginal, young people and women.

REDUCING THE ADMINISTRATIVE BURDEN FOR NGOS

General question

Question 19: How can the administrative burden be reduced for NGOs?

This question relates back to NADA's responses for Questions 4 – 8 under NSW Health Grants Administration and Management Practices. Key practices that would significantly reduce the administration burden on NGOs are detailed below. It should be noted that most of the reforms suggested require coordination across State and Federal government departments and are included as areas for recommendation by the Productivity Commissions Draft Report (2009). The suggested reforms are expanded points made in pages 34-35 of the NSW Health NGO Grant Program Review Discussion Paper:

- Implement common chart of accounts and harmonise requirements for audited financial statements
- Introduce 'heads of agreement' or 'core funding' style FPAs for organisations providing a range of services receiving funding from a number of different departmental funding streams and/or across different government departments.
- FPAs should also have streamlined KPIs developed in collaboration and consultation with other funders which are proportionate to the scale of the program and the funding contribution for the program
- Government should explicitly state the extent of their contribution to an NGO program (whether the program is fully funded or the grant received is a contribution towards service delivery). The extent of contribution should also be carefully considered in determining reporting and accountability requirements
- Extend contract duration to providers based on successful delivery on established programs and ensure that contract duration is adequate to achieve anticipated deliverables (in almost all cases, one or two year agreements are insufficient, particularly for health promotion and prevention programs)
- Establish a common approach to risk management requirements which allows for appropriate sharing of risk through clear identification of the responsibilities of both funders and NGOs
- Mutual recognition of QI and performance reporting requirements across government funding bodies
- Consider costs and benefits of accountability requirements more carefully and improve both the capacity of Government and NGOs to evaluate effectiveness rather than relying primarily on efficiency measures.

Specific questions

Question 20: What initiatives should NSW Health adopt that would maximise the reduction in administrative burden for NGOs?

A minority of NGO services receive funding from only one government department so maximising any measures to reduce the administrative burden for NGO services would involve cooperation across NSW government departments and with other key Federal funders such as the Department of Health and Ageing and Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA). NADA notes that the principles for funding outlined in the Working Together for NSW Compact (DoCS and FONGA, 2006) are

relevant to this question but action on issues raised through the annual Human Service CEOs and FONGA meeting that relate to many of the issues raised in the Review Discussion Paper has been slow.

Question 21: What initiatives or best practices from other government agencies should NSW Health adopt in its NGO Program to reduce the administrative burden on NGOs?

NADA supports the adoption of elements from the funding models of FaHCSIA and the Queensland Government to improve current grants administration processes by NSW Health. A number of NADA members receive funding through FaHCSIA and speak favourably of the department's more flexible and collaborative approach to funding NGO programs. Of particular note has been the time and effort taken by officers within FaHCSIA to genuinely understand the services provided by the NGO and the context in which they operate.

Multi-jurisdictional agencies that are NADA members have given positive feedback regarding Queensland Government's method of funding NGOs particularly with regards to the collaborative approach which values the NGO's role in service delivery. NADA supports the framework for investment in human services and believes that such a framework is important to allow for consistent and more transparent government practices for investing in human services.

Question 22: What delegation approval processes should NSW Health adopt to ensure timeliness and probity in NGO Grant decision making?

NADA believes that the Health Minister should remain the final decision maker in the approval process for the NGO Grant Program. However, there is an opportunity for review of grant system delegations in order to minimise delays in funding of small, one-off or even rolling grants.

NADA does not support the AHS having a greater role in grants approvals due to the comprised position they hold as service provider and fund allocator. This creates a genuine and potential conflict of interest as the host of NGO funding and performance agreements.

Question 23: What web based technologies and/or other government agency information technology communication best practices should NSW Health develop to improve efficiency and transparency of the current NSW Health NGO grant program?

The issue of information technology communication (ITC) and use of web based technologies remains complex in the NGO sector due to a wide variance in the knowledge, skills, access and infrastructure. It is generally noted across the sector that many NGOs could derive benefits from increased use of ITC, including web based technologies, although there are a number of barriers that need to be addressed:

- NGO grants do not adequately cover administrative costs for an agency including ITC costs. Ideally, NGOs should have an ongoing budget to allow for continued investment in ITC including hardware and software upgrades and annual license fees. However, this rarely occurs and many NGOs have poor access to ITC.
- Due to financial limitations, ongoing training and funding to hire suitably qualified professionals to support NGO ITC practices is lacking. Before new ITC solutions for reporting and funding submissions are introduced, this issue requires immediate attention. A number of feasible proposals for tackling some of the ITC issues in the NGO sector are detailed in the NCOSS paper 'Community Connexions: Addressing the Information and Communication Technology Needs of the NSW NGO Human Services Sector' (2008).

FURTHER MATTERS

Question 24: Are there other relevant matters to the review which have not been identified in the Discussion Paper?

What has been highlighted to NADA in considering this review process is the lack of investment evident in the current structure of the NSW Health NGO Grant Program. Investment, in this context, refers to a concept far broader than grant funding. It is about recognition of the services delivered by the sector, true partnership in the development and implementation of health services, and articulation of the sector's role in terms of NSW Health policy and priorities.

NADA recognises that there is a more general need for review and reform of Government's relationships with the NGO sector in Australia (highlighted by the use of a New Zealand rather than an Australian definition of NGO characteristics on page 7 of the Discussion Paper) but this submission has highlighted many areas for action for NSW Health which could see it taking a leading role in redefining the relationship between Government and the NGO sector.

This review may be further informed by the following documents:

A Question of Balance: Principles, contracts and the government-not-for profit relationship. (2009) Public Interest Advocacy Centre, The Whitlam Institute, University of Western Sydney.

Available from: http://www.piac.asn.au/publications/pubs/sub2009074_20090731.html

Non Government Organisations in the Alcohol and Other Drugs Sector: Issues and options for sustainability. (2008) Australian National Council on Drugs.
Available from: www.ancd.org.au

Queensland Government framework for investment in human services. (2007) Queensland Government.
Available from: <http://www.communityservices.qld.gov.au/department/publications/human-services-framework/>

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Australian National Council on Drugs (2009). The Burden of Submission Writing and Reporting for Alcohol and Other Drug Non-Government Organisations. Accessed 28 October 2009, Available from: http://www.ancd.org.au/images/PDF/ngo_report.pdf

Council of Social Services of NSW [NCOSS] (2008). Shared Services in the NGO Sector: Background Paper. Accessed 28 October 2009, Available from: <http://www.ncoss.org.au/content/view/1585/155/>

Council of Social Services of NSW [NCOSS] (2008). Community Connexions: Addressing the Information and Communication Technology Needs of the NSW NGO Human Services Sector. Sydney: NCOSS.

Human Services CEOs NGO Development & Support Working Group (2007). Reference Paper: Service Outcomes for Peak Bodies.

NSW Department of Community Services [DoCS] and the Forum of Non-Government Agencies [FoNGA] (2006). Working Together for NSW: An agreement between the NSW Government and NSW non-government human services organisations. Sydney: DoCS and FONGA

Australian Government Productivity Commission (2009). Contribution of the Not-For-Profit Sector: Draft Research Report, Canberra.

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