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SUBMISSION:

Senate Standing Committee on Finance and Public Administration: Inquiry into the impact on service quality, efficiency and sustainability of recent Commonwealth Indigenous Advancement Strategy (IAS) tendering processes by the Department of Prime Minister and Cabinet



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1.0 Introduction

The Western Australian Council of Social Service (The Council) welcomes the opportunity to provide a submission to this important inquiry. We commend the Finance and Public Administration Committee for looking into the impact on service quality, efficiency and sustainability of recent Commonwealth Indigenous community service tendering processes by the Department of Prime Minister and Cabinet (PMC).

This issue is of significant concern to our members and the Indigenous Advancement Strategy (IAS) tender, together with the recent community services tender conducted by the Department of Social Services (DSS), has consistently been raised with us in recent correspondence, member inquiries and consultative forums as one of the most significant factors impacting on the sustainability and effectiveness of front-line service delivery within our community. Similar concerns have also been voiced by other Western Australian community sector peak organisations, who have indicated similar levels of concern and concern from their members through the WA Peaks Forum (which the Council convenes).

The Council has prioritised addressing these issues and developing this submission out of a genuine desire to improve the engagement between the Commonwealth Government, our State Government, the community services sector, service users and Aboriginal community as a means of ensuring that we can together design and deliver effective services that make efficient use of our shared resources to deliver meaningful and life-changing outcomes for some of our most disadvantaged and vulnerable citizens. While as a means of achieving this important outcome we focus on problems with the design and implementation of the IAS tender process, our intention in doing so is to provide a basis for moving forward together to produce better outcomes in the future, and not to look for someone to blame.

We note that this submission is based upon and bears great resemblance to the submission we made earlier this year to the Community Affairs References Committee inquiry into DSS tendering. Given the similarity of the terms of reference across these two inquiries, the service and community-level impacts of these tendering processes, as well as the different membership of the two committees, we have considered it worth reiterating our previous analysis where it is directly relevant.

The Council are happy for this submission to be published by the Committee and would welcome an opportunity to present evidence to a hearing on the issues discussed herein.

2.0 A missed opportunity

The recent tendering process was a missed opportunity for service improvement and sector reform.

The Council is extremely concerned by both the immediate and the longer-term unintended consequences of recent service procurement processes as a result of the manner in which they were conducted by the Commonwealth. Short tendering timelines combined with the lack of consultation or advance notice undermined what could have been significant opportunities to achieve better service integration and collective impact. The move to longer contracting periods, the amalgamation of 150 smaller and fragmentary programs into five broader service streams, the scaling up of



population and service targets, and the increased scope for service innovation all offered significant potential for delivering more efficient, integrated and responsive services — if only there had been time for service providers to do the work needed take advantage of them and meaningful engagement with them on program and service design.

The tendering and contracting process was a missed opportunity for the Commonwealth to target its investment in a way that would maximise community impact and deliver value for money. The stated high level objectives of the ‘new way of working’ had the potential to form the basis of a more innovative, efficient and effective service system, but the manner in which the contracting process was conducted undermined the opportunity for us to work collectively towards these outcomes.

These same criticisms and concerns apply equally to the recent DSS tendering process. The impacts of the IAS tender process are of greater concern in two significant ways. Firstly, while the DSS tender represented approximately one third of all community services retendered during the one dysfunctional process, the IAS tender process retendered all of the funding for Indigenous services that had been brought together under PMC - representing approximately \$2.3 billion worth of program funding. Secondly, this funding was for services to Indigenous communities who represent some of the most disadvantaged and vulnerable citizens within our communities, and so problems with program design or service delivery are likely to have significant impacts on some of those who are most reliant on services and most likely to be adversely impacted by gaps in service provision and a lack of transitional support.

On this basis we recommend that the Department of Prime Minister and Cabinet, the DSS and the Commonwealth more generally should consider whether it has the capacity to conduct more effective and efficient tendering processes. It needs to either commits to build that capacity an ensure open and consultative process with clear timelines for advance notice and negotiation of service contracts (as described further below) ... or it should decide to restrict its role to setting high level program goals and developing evidence-based outcomes frameworks, and devolve these critical aspects of service design and tendering down to the State level.

We note that, while some of the problems with this tender process have arisen as a result of an attempt to undertake significant and sweeping reforms within a politically imposed timeframe (as discussed further below), there is a very real sense in which there is nothing new in the challenges and complexities faced by PMC in undertaking this program design and service tendering process. For instance, we draw the Committee’s attention to the program design and implementation factors identified by the Productivity Commission in the framework for its *Overcoming Indigenous Disadvantage* (OID) reports, which have been produced regularly since 2003.¹ The OID Steering Committee has listed the following success factors for successful programs and initiatives:

- *Cooperative approaches between Indigenous people and government – often with the non-profit and private sectors as well.*
- *Community involvement in program design and decision making – a ‘bottom up’ rather than ‘top down’ approach.*
- *Good governance – at organisation, community and government levels.*

¹ Productivity Commission: [Overcoming Indigenous Disadvantage](http://www.pc.gov.au). www.pc.gov.au.



- *Ongoing government support – including human, financial and physical resources.*²

Similarly, the Closing the Gap Clearinghouse has identified a comparable list of high-level factors that underpin successful programs:

- *flexibility in design and delivery so that local needs and contexts can be taken into account*
- *community involvement and engagement in both the development and delivery of programs*
- *trusting relationships*
- *a well-trained and well-resourced workforce, with an emphasis on retention of staff*
- *continuity and coordination of services.*³

The Closing the Gap Clearinghouse goes on to provide a well-researched and detailed series of resources on “What works to overcome Indigenous disadvantage” including research summaries of case studies of successful programs and initiatives in the areas of early childhood, schooling, health, economic participation, healthy homes. Safe communities, governance and leadership, and ‘all building blocks’⁴). We have included the more complete list of what does and doesn’t work as Appendix 4 for the benefit of the committee.

3.0 Resetting the relationship with the community services sector

The Council notes that there is a real and genuine desire across the community sector to engage more fully and meaningfully with the Commonwealth in the design and delivery of efficient, effective and well-targeted community services. To this end we recommend that the PMC, the Minister for Indigenous Affairs, Senator Nigel Scullion and the Prime Minister actively and openly engage with the Aboriginal community-controlled organisations and the community service sector to reset the relationship to one of genuine partnership, based on clearly articulated principles and behaviours. The fundamental common goal of this partnership has to be one of ‘putting the people first’ - and ensuring that achieving meaningful and sustainable outcomes for disadvantaged and vulnerable service users should always be paramount. While organisational sustainability and administrative simplicity are important considerations, they should always be considered secondary to this ultimate goal.

The Council is particularly concerned of the extent to which the IAS tendering process has seen a concentration of service contracts in large mainstream non-government organisations and the concomitant decimation of the Aboriginal community-controlled service sector, with recent analysis suggesting that around two-thirds of the organisations funded under the IAS are non-Aboriginal organisations.⁵ While we acknowledge that some of these organisations have a long history of working effectively along-side Indigenous community organisations and delivering effective services to Indigenous people, many more are likely to be delivering services for the first time in communities where they do not have the on-the-ground experience or established relationships that are crucial to

² For instance - *Overcoming Indigenous Disadvantage Report 2006*, p9. To our knowledge this is the first time this list was published. It did not appear in this form in the 2003 OID report.

³ Close the Gap Clearinghouse: <http://www.aihw.gov.au/closingthegap/>.

⁴ Close the Gap Clearinghouse/What Works/ *All Building Blocks*.

⁵ NACCHO Funding Update: *Indigenous Advancement Strategy funding list revealed*, 25 March 2015.



delivering effective outcomes. We note that one consequence of the scaling up of service contracts in this manner has been that a number of existing community-controlled Aboriginal organisations are now being subcontracted by these new providers to provide the same services for a much lower price. While on the one hand this will deliver some continuity for service users it will also result in lower levels of service provision and put greater strain on the viability of those organisations.

The Council contends that the model of engagement and community service reform being developed and implemented in Western Australia (as described further below) can provide a useful model for the Commonwealth's engagement with the community service sector in the procurement of Commonwealth-directly funded services. It also has the potential to provide a firm basis for more effective engagement with States and Territories, services and local communities in more devolved decision-making to deliver place-based outcomes as part of a more effective reformulation of roles and responsibilities under Federation.

The Council, as part of the national network of Councils of Social Service, strongly supports efforts across the community services sector to improve and reform the relationship between mainstream service providers and Aboriginal community-controlled service providers -- based on establishing true partnerships that seek to build capacity, deliver quality services that are culturally appropriate, and transition over time to Aboriginal community control. To this end we support the implementation of *The Principles for a Partnership-centred approach for NGOs working with Aboriginal and Torres Strait Islander Organisations and Communities* developed by the Aboriginal Peak Organisations of the Northern Territory (referred to as *The APONT Principles*).⁶ These principles are attached to this submission as Appendix 1, and this issue is discussed in more detail further below [Section 14 page xx].

There are two critical issues here in relation to how the relationship with the community services sector is re-set: Firstly, that an approach to program design and service delivery based on a partnership approach is likely to deliver more effective services and result in tender processes that deliver more integrated and cost-effective outcomes. Secondly, the manner in which the Commonwealth contracts with service providers has the potential either to encourage, support and enable a partnership approach between mainstream service providers and Aboriginal community-controlled organisations that reduces competition and increases service integration - or it can create significant barriers to efforts to deliver more integrated and collaborative services that engage and empower service users to be part of turning their own lives around.

4.0 The impact on service users

Unfortunately, the uncertainty created by this poorly designed and managed process is having a direct impact on disadvantaged and vulnerable people within our community, and on the frontline community service staff delivering the services that support them. Vulnerable people who face significant life challenges or come from disadvantaged or traumatic backgrounds require higher levels of certainty and trust, and there is significant evidence to indicate that the ongoing relationships with dedicated and caring support staff are critical to delivering outcomes that increase their resilience and improve their health and well-being. They tend to be sensitive

⁶ See [Principles for a Partnership-centred approach](#), ACOSS website.



to changes and threats within the service environment, pick up when staff are worried and stressed, and often react badly when those they have critical relationships with indicate they are moving on. This is particularly true for Indigenous Australians, where establishing a relationship of trust can take time and where service providers moving into an Indigenous community for the first time can experience significant barriers to service establishment and engagement.

These impacts have been exacerbated by the lack of communication and clarity about the timelines and processes for decision-making and notification, with service providers unable to discover who will be delivering new services within their areas so they can provide a supported referral.

5.0 The impact on staff and organisations

There is a significantly high level of stress reported within many of our member organisations that have been disrupted by changes to and uncertainty in ongoing services and arrangements, with staff leaving to seek more secure and reliable employment, and collaborative initiatives and arrangements undermined by distrust. In such uncertain times many organisations will hunker down as they rationally seek to prioritise the well-being of their clients and staff and the viability of their organisations. In the absence of clear information and certainty boards and CEOs will become risk averse and delay making decisions about exploration, participation or investment in new initiatives, employment of new staff or development of new facilities.

We draw the Committee's attention to the discussion of these issues in the submission from the Aboriginal Health Council of Western Australia (ACHWA) and the analysis provided in the submission by former-Senator and former Deputy Leader of the Liberal Party Fred Chaney AO.

The Council is particularly concerned by the impact on the viability of Aboriginal community-controlled organisations by the loss of Commonwealth funding and the knock-on impact this may have for the viability of other services being delivered by these organisations (including those supported by State, corporate and philanthropic funding as well as funding via other Commonwealth programs and Departments) as well as for the ongoing employment prospects of skilled Aboriginal and other staff currently delivering these services. To date it has been difficult to compile any firm information on the nature and extent of these impacts, and our discussions with the Western Australian Government about these concerns have suggested that they have been unable to secure sufficient information from either PMC or DSS to enable them to ascertain where service gaps are likely to emerge at the local and regional level. The absence of information sharing and coordination about changes to service delivery and gaps in service provision is particularly alarming, and we remain concerned that significant time may pass and damage be done to services and service users before many of the direct and indirect impacts of these decisions can be understood and responded to.

The Council supports the concerns raised by Fred Chaney that suggest there is a risk that the limited timeframe, lack of consultation and engagement with communities and risk adverse decision-making in tender evaluations may result in the "unintended destruction of value" in



current programs (p1) in Indigenous organisations (p5) and of local capacity in local communities (p4).

6.0 The effects on service integration

The biggest challenge facing community services is how we can better deliver more effective services to improve the prospects and change the lives of some of our most disadvantaged and vulnerable citizens - particularly those with complex needs. Doing so requires an evidence-based approach that coordinates and integrates services and support across different programs and disciplines to deliver collective impact, but these services take time to develop. Within our current operating environment, characterised by a growing demand for services (underlined by both an ageing population with increasing levels of inequality and disadvantage) and a tightening fiscal environment resulting in reduced service funding, there is a critical need to ensure that the services we are delivering are well targeted, effectively deliver meaningful long-term outcomes, are accessible to and engage with service users, and have the continuity and sustainability to inspire their trust. In this context it is critical that we become more effective in better identifying those who are at high risk of poor longer term outcomes and are able to deliver effective early intervention services at crucial life transitions to ensure that the need for more expensive crisis or tertiary services is reduced in the longer term.

It is apparent that the problems with timelines, communication and the way in which the tender process was conducted (as described further below) clearly undermined the capacity for service providers to collaborate, to develop integrated services and to pursue service innovation, despite the capacity for all of these things inherent in the new approach to broad-banding services and scaling up service contracts. Where innovation and service integration is likely to happen within the scope of service contracts funded under this process, it is likely only to be within individual larger service providers who are able to join up or extend existing services, on the basis of existing networks and relationships between service providers that have 'survived' the tender process. We note with concern that WACOSS members with established and on-going relationships with Aboriginal communities and Aboriginal community-controlled services who had already been discussing prospective service partnerships reported to us with dismay that the tender timeframe and process made it impossible for them to effectively partner to design services and finalise arrangements within the 5 week tendering period.

Service collaboration should be encouraged and supported by program structures and processes, rather than occurring in spite of them. The Commonwealth and PMC should be looking at how it can put in place tendering processes that encourage the development of collaborative service models and consortia, and program structures that encourage and support information sharing, supported referral and greater degrees of service wrap-around and integration. We provide further advice on how this might best proceed below - including partnership principles and behaviours, good practice guidelines for service contracting and alignment with the APONT Principles (Appendix 1) to build sustainable and effective community-controlled services.

7.0 Consultation and evidence-base



To our knowledge there was no consultation or meaningful engagement with service providers or Indigenous peak bodies on any of the key elements of service outcomes or program design. This lack of consultation led directly to an over-subscription of the tender process, a lack of coordination between service providers concerning service integration or population and cohort outcomes - which will ultimately lead to a fragmented and ineffective service system with significant risks of service and support gaps, duplication and poor targeting of effort.

No information has been shared with service providers that indicated an evidence base or an overarching outcomes framework that lies behind and informs the decision-making behind the services procured or changes made to the scope and extent of contracts offered. We recommend that this question is specifically asked of PMC on notice prior to them presenting evidence to the Committee, as we would expect there would be some rationale for the changes made to service offers. We note the evidence presented in the ACHWA submission suggesting that many Aboriginal Community-Controlled Health Organisations appear to have had funding awarded on the basis of their historical funding arrangements, rather than in relation to the specific services and service-delivery periods they submitted. Reports of subsequent meetings with IAS staff indicate some confusion about the decision-making process and about the extent to which they have been awarded funds to deliver pre-existing programs under a different funding strategy area or are expected to deliver the new or value-added services proposed, albeit at a reduced level of funding.

On the one hand, if there is in fact a rationale, model, evidence base or data-set that informs this decision making, then it seems counter-productive not to share this with service providers in discussing and designing the scope, extent and outcomes of services offered. Many service providers who have been successful in receiving service offers expressed their frustration with the need to re-scope, design and price their services within a very short timeframe and felt that the time, effort and analysis they put into their initial tenders was wasted if PMC in fact wanted something more specific that they had not specified or were working to a model that they had not shared.

On the other hand if there is not an evidence base or rationale for their decision making, then on what basis have service tenders been ignored or re-scoped? What then is the explanation for this duplication and waste of effort and increased administrative burden for service providers and PMC staff?

8.0 The administrative burden

While community service organisations have welcomed the Commonwealth's in principle commitment to reduce red tape, we are concerned that the focus of efforts to date has been more on reducing the administrative burden for the Department (through reducing the number of program streams and the number of contracts it needs to manage) rather than reducing the burden placed on the sector by making both tendering and reporting requirements more directly relevant to community need and population or cohort outcomes. We note with some concern that one direct outcome of a poorly design and managed service tendering process (that does not sufficiently clearly define the scope of services being procured or the outcomes to which they are targeted) is a dramatic increase in the number of tenders received, the divergence of services offered and outcomes likely to be produced, and the increasing demands of administrative processes required to



evaluate and respond to them. The direct consequence of a poorly designed and implemented tender process is a significant increase in the administrative burden of the Department.

The Council notes that this lack of clear scope and outcomes, together with the lack of notice to and consultation with the sector, the high level of uncertainty concerning how new program streams mapped onto old ones and the short tendering timeframe have also resulted in months of additional effort for community organisations in drafting a huge number of grant applications ... as well as months of additional work and a significant blow-out in the tendering timeline for PMC in evaluating them. Recent evidence to Senate Estimates indicated that this resulted in 2,472 applications for 4,948 projects from 2,345 organisations worth in the order of \$14 billion for the \$2.3 billion of funding available⁷ - resulting in an extension of the funding round of an additional 6 months to allow assessment of the high number of applications.

As of 4th March 2015 the Minister had announced that \$680m had been granted under the IAS to 964 organisations to deliver 1297 projects.⁸ At this stage it remains unclear how the funding announced to date relates to the \$8.6 billion of Indigenous-specific funding announced by the Prime Minister (including \$4.9 billion total over 4 years under the IAS and \$3.7 billion through National Partnership Agreements, special accounts and appropriations)⁹ or the \$2.3 billion

The Council understands that 1,233 of the 2,472 applications were deemed non-compliant with the IAS application requirements, which seems to indicate a lack of clarity and understanding of those requirements and a significant waste of effort and time. We also understand that 75 organisations currently delivering services did not submit an application to the IAS funding round. We are particularly concerned by these outcomes, and suggest that the Committee should look into this issue further to ascertain which organisations and service types were affected, what was the nature and causes of this non-compliance, to what extent non-compliance was relevant to the capacity of tendering organisations to effectively and accountably deliver the services tendered, and whether the manner in which information, application support and feedback was provided to prospective tenderers has led to any sort of unintentional systemic bias in the outcomes of the tender process. The Council would be particularly concerned if a number of organisations were deemed non-compliant for relatively trivial administrative reasons or if issues with non-compliant tenders could easily have been resolved by contacting the organisations in questions to alert them to errors or seek more information. We understand that some organisations may have experienced some problems with the process of submitting their tenders, and so the Committee may wish to clarify how many organisations were deemed non-compliant due to late submission of tenders, and what measures or efforts were made by PMC to provide assistance, grant exemptions or take into account evidence of unsuccessful submission attempts.

The Council notes that an additional administrative burden was then placed on organisations who received a service offer that varied substantially from the services they had tendered for, requiring them to re-scope, redesign and re-cost prospective services within the very narrow timeframe of the

⁷ Ms Liza Carroll, Associate Secretary Indigenous Affairs, Finance and Public Administration Committee [Hansard, Friday 27th Feb](#), p35.

⁸ Minister for Indigenous Affairs, media release: [\\$860 million for investment through Indigenous Advancement Strategy Grants Round](#), 4 March 2015.

⁹ Department of Prime Minister and Cabinet website, [Indigenous Advancement Strategy](#), (as accessed 29 April 2015).



contract offers, further hampered by their strict confidentiality provisions and the lack of contact with local PMC staff empowered to negotiate contracts.

Reform focused on devolving program design and decision making to the State and local levels is predicated on maintaining Commonwealth responsibility for the provision of funding. In order to maximise the return on Commonwealth investment, setting clearly defined goals attached to the expenditure is recommended. States and Territories should be accountable for achieving the defined high-level program goals (and reporting on population level outcomes) that are set at the national level and accompany the provision of funds.

This will ensure the Commonwealth has sufficient leverage and oversight to ensure equitable access for services and supports across the nation (or other comparative outcomes in other areas). In order to ensure equitable access to services, as well as setting high level national outcomes, the Commonwealth will need to continue to play a role in national policy coordination and collection and the maintenance of national data sets. This will provide the necessary evidence base to share and promote innovations between jurisdictions to ensure that no state is falling behind in achieving the stated objectives in their provision of services.

9.0 Grants vs. service agreements

The Council notes that IAS communications and materials from PMC do not appear to distinguish between grants and service agreements and use the terms interchangeably. The Council notes that there are a range of different funding and procurement tools and mechanisms that are available to governments seeking to develop new services or deliver longer-term community outcomes. Examples of these mechanisms include short-term and one-off grants, registration of interest and expression of interest processes, requests for quote, proposal or tender, service pre-qualification mechanisms and panel processes, preferred service provider arrangements, direct negotiation, and open tender processes.

Some mechanisms, such as individual and one-off grants are particularly suited to some circumstances (such as pilot programs and innovation, or establishing initiatives that might be expected to become self-sustaining or access other longer term funding mechanisms once established) but are less suited to others (such as providing ongoing services, ensuring continuity and trust in service users, or encouraging higher levels of collaboration and integration across providers, service types or disciplines). An effective policy approach to responsible service delivery should outline which mechanisms are most appropriate under which circumstances and use them accordingly.

There has been ongoing concern that the area of Indigenous Affairs and the delivery of services to Aboriginal and Torres Strait Islander communities has disproportionately relied on one-off grants and short-term pilot programs. It has been typified as an area in which there is a tendency to announce new programs and initiatives, generally based on political and ideological imperatives, with little in the way of ongoing program evaluation and development and a lack of continuity and clarity of policy. While program and initiative assessments and evaluations are often conducted, there has not been a clear and demonstrable link between evaluations and program outcomes and measures to improve existing services, ensure ongoing quality improvements or develop best



practice models, or even ensure a clear and evidence-based link between previous program evaluations and new initiatives. The Council notes that the Western Australian Department of Premier and Cabinet has recently undertaken a whole-of-government evaluation of the provision of Aboriginal youth services within WA, which found that funding was typified by short-term grants and that few grant or service agreements specified clearly defined and measurable outcomes.¹⁰

In relation to the appropriate use of grant programs, the Western Australian *Delivering Community Services in Partnership* policy states:

Grants may be an appropriate funding arrangement where:

- 4) an Organisation requires one-off subsidies, top-ups, seed funding, or funding for a discrete project, innovative trial, pilot program or research of a non-commercial nature; and*
- 5) the grant is for a discrete period; and*
- 6) the grant does not constitute the entire financial base of an Organisation.*

A defining characteristic of grants is that there is generally less oversight, reporting and documentation than for service agreements. Grants must also be linked to a specified purpose and should be paid as either a lump sum, or through instalments.”¹¹

The context, application and effectiveness of this policy is described further below. The Council notes that the IAS tender process can be characterised as using a one-off grant mechanism through a competitive tender process to deliver long-term and essential community services, which on this analysis is not an appropriate mechanism for delivering sustainable services or effective service user outcomes.

10.0 Role of the Office of the Registrar of Indigenous Corporations (ORIC)

The Council notes that the provisions of the IAS tender place different requirements onto Indigenous versus non-Indigenous organisations in a manner that places an onerous, unnecessary and unequal administrative burden onto Indigenous organisations who are already incorporated and governed under other regulator mechanisms. In particular, as the PMC website states:

From 1 July 2014, organisations receiving grants of \$500,000 (GST exclusive) or more in a single financial year from funding administered by the Indigenous Affairs portfolio within the Department of the Prime Minister and Cabinet are required to:

- incorporate under Commonwealth legislation – Indigenous organisations will be required to incorporate under the Corporations (Aboriginal and Torres Strait Islander) Act 2006 (CATSI Act); with all other organisations incorporating under the Corporations Act 2001; and*

¹⁰ We expect the findings of this evaluation, together with a new whole-of-government youth services funding policy to be announced as part of the WA State Budget measures on or before 14 May 2015. See also “\$53m for 800: Report exposes ‘scattergun’ approach to Aboriginal funding” The West Australian, Colleen Egan, 25th April 2015, p1.

¹¹ *Delivering Community Services in Partnership Policy*, (2011), page 9.
http://www.finance.wa.gov.au/cms/Government_Procurement/Policies/Delivering_Community_Services_in_Partnership.aspx



- *maintain these arrangements while they continue to receive any level of such funding.*¹²

The Council recommends that where Indigenous organisations are already incorporated under the *Corporations Act 2001* they should not be required to undertake an additional level of registration and should be exempt from this provision.

The role played by ORIC in regulating Indigenous Organisations also differs from the manner in which the Australian Charities and Not-for-profits Commission (ACNC) provides advice and support for good governance to mainstream non-government community service providers. We have had concerns raised with us about the extent to which ORIC needs to play a more proactive role in providing support and intervening to encourage good governance where there are evident governance issues that are not being addressed within specific organisations, rather than seeing its role as restricted to that of a regulator.

11.0 The partnership approach

Our experience in Western Australia of a partnership approach between the State Government and the community service sector to the design and delivery of community services, is that an open and consultative process where program scope and outcomes are the result of a genuine co-design is that it directly results in a significant reduction in the number of tenders submitted, a much higher level of quality and relevance, and a greater degree of collaboration and integration between services. When services are able to openly engage in dialog about local community and cohort needs and desired outcomes, and gain a better appreciation of existing services, knowledge and skills prior to entry into a competitive tendering process (where it is important that the highest standards of probity are maintained) we have found that it is more likely that service providers will think constructively about where their services and capabilities fit into a service system capable of delivering higher level population or cohort outcomes, and are more likely to enter into collaborative arrangements, including forming consortia, developing memorandums of understanding or sub-contracting arrangements that can ultimately produce a better integrated and more cost efficient service system.

In this context, we might expect that a high level of over-subscription to a tender process, a preponderance of out of scope or of poorly integrated service proposals is a clear indication and direct result of a tendering process where the scope is unclear, the service, cohort and population outcomes poorly articulated, and where service providers have not been consulted and engaged in program design. While a process of genuine engagement with service providers in program scope and design requires time and resources to be effective - it should be considered that a great amount of time and resources are likely to be wasted in the design, costing and evaluation of service proposals under an ineffective tendering process and that the services that result are much less likely to deliver value for money, to contribute to longer term population or cohort outcomes, or to result in an integrated service system where particular groups, needs or challenges do not 'fall through the cracks'. We content that in the longer term taking an uncoordinated 'scatter-gun' approach to the procurement of services will deliver poorer outcomes and cost the community more

¹² <http://www.dpmc.gov.au/indigenous-affairs/incorporation-requirements> accessed 29 April 2015.



as a result of higher levels of ongoing service reliance and greater numbers of citizens who are in areas or cohorts where there are ‘cracks’ between services,¹³ or are not receiving the kind of support required to turn their lives around.

The Council believes that a partnership approach to program design and service delivery is of particular relevance and importance to the delivery of services to Aboriginal and Torres Strait Islander peoples. We note that there is strong support for such an approach across the Aboriginal community-controlled health and community services sectors, and that there has been significant engagement across Aboriginal and mainstream community service providers to develop models and principles in a number of jurisdictions within Australia, building on the work undertaken by Aboriginal organisations in the Northern Territory in collaboration with NTCOSS to develop the APONT Principles (Appendix 1). Similar processes have been undertaken across these sectors in South Australia and at the national level¹⁴. Many organisations delivering services to Aboriginal communities or where Aboriginal people make up a significant proportion of service users have signed up as a commitment to apply these principles.

12.0 Delivering Community Services in Partnership

The Council contends that the process of engagement in service design, the reform of policy and service procurement arrangements, and the commitment to a high-level model of genuine partnership between the not-for-profit community sector and government in Western Australia provides a model that the Commonwealth could learn from in improving its tendering processes and re-setting its relationship with the community sector.

We note that the government of Western Australia made a submission to the recent inquiry into DSS tendering processes that provided some history and context for the *Partnership Forum* and the *Delivering Community Services in Partnership* (DCSP) policy. As part of this relationship they have engaged with the community sector in a joint response to the White Paper on Federation process, consulted with us on their submission to the DSS inquiry and worked with us collaboratively in our efforts to seek clarity about Commonwealth/State relations, national partnership agreements and the provision of supplementary funding in relation to equal remuneration orders from Fair Work Australia and the Western Australian Industrial Relations Commission.

From the community sector’s perspective this engagement is genuine and progress on reforms in agreed areas of shared interest and concern is underway. While things are by no means perfect or reforms near complete, this relationship is robust and we are able to have frank and open discussions about challenging issues. There remains significant variation between line agencies in the understanding, capacity and engagement with the reform agenda, and significant challenges in implementing more complex reform areas such as service co-design and outcome-based contracting. However there have been some very significant lessons learned along the way there are some good

¹³ For example, where there is no longer a multi-cultural early years’ service for developmentally vulnerable children in the Bentley and Cannington regions (see the Communicare Inc. Submission) or where there are no longer financial counselling and emergency relief services in a number of regional towns with high levels of disadvantage.

¹⁴ Including National Congress, NATSILS, NACCHO, FVLPS, SNAICC and ACOSS - See [Principles for a Partnership-centred approach](#), ACOSS website.



examples emerging of successful initiative in areas including the early years, youth at risk and homelessness.

The Partnership Forum was established with the strong backing of the Premier as a result of the Economic Audit Committee process (begun in 2008) and its seminal report *Putting the People First*¹⁵ (2009). It is made up out of leaders from both the public and not-for-profit sectors and led by an independent chair¹⁶. A critical factor in its success has been participation, good-will and active engagement at senior levels on both sides (including the Directors General of human services departments and community sector CEOs) as well as its role as the governance and oversight mechanism for the implementation of the DCSP policy. The willingness of the Premier and senior members of his government to send strong signals about priority and to ensure compliance with policy (while at the same time building capacity and providing support for implementation) have been critical success factors.

A fundamental element of the Partnership Forum has been its shared commitment “to improve outcomes for all Western Australians through a genuine partnership in the policy, planning and delivery of community services in Western Australia” through an agreed series of principles and behaviours¹⁷ as outlined below:

Partnership Principles

1. *A commitment to improve social, cultural and economic outcomes for the Western Australian community.*
2. *A collaborative approach to decision-making and working together recognising the interdependence in the delivery of Community Services.*
3. *A partnership based on mutual trust and respect, with openness and transparency in all activities.*
4. *A recognition of the value and contribution of both sectors in the design and delivery of Community Services and the important roles each play in the wellbeing of the community.*
5. *An enduring commitment to the sustainability of Community Services.*
6. *A commitment to empowerment of service users in the planning, design and delivery of Community Services.*

Behaviours

1. *An enduring focus and drive to deliver demonstrable improvements in outcomes for all Western Australians.*
2. *Consultation on all significant issues, including the development of policy, planning and service design.*
3. *Transparency in decision-making, including through the sharing of data and information, basis for funding decisions and contracting requirements.*
4. *An interdependent approach to the planning and delivery of Community Services.*
5. *Public Authorities and Organisations work together to ensure that funding levels are sufficient for sustainable Community Services.*
6. *Engagement of citizens in the ongoing planning, design and delivery of Community Services through direct and indirect methods of consultation and representation in the development of service delivery.*

¹⁵ See <http://www.dpc.wa.gov.au/Publications/EconomicAuditReport/Pages/Default.aspx>

¹⁶ For more information see <http://www.partnershipforum.dpc.wa.gov.au/AboutUs/>

¹⁷ The principles and behaviours are defined in the DSCP policy [document](#) and [context](#); and implemented over time through [Strategic Directions 2012](#) and [Strategic Directions 2015](#).



13.0 Drivers, goals and principles for reform

The section below is intended as a starting point to compile a list of the key elements of reform. An open consultation process is still needed to identify gaps and priorities and adapt these suggestions to set out a reform agenda in re-setting the relationship between the Commonwealth and Community Sectors, and between Federal, State and Local levels of government under reform of Federation.

In this context, *Drivers of Reform* are defined as the problems or opportunities that are 'driving' us to do something differently. Goals of Reform are what the community service sector (and, through consultation, other stakeholders) want to see achieved as a response to the drivers. The goals of reform outline what is the ideal focus of the reform process. Principles for Reform outline how the reform process itself should be conducted. They are the underlying concepts that should form the basis of decision making.

Drivers for Reform

- Greater accountability for performance in delivering outcomes
- Improved levels of subsidiarity to allow flexible approaches to improving outcomes
- Improved consistency of approaches across the nation
- Improved equity, efficiency and effectiveness of service delivery
- Improved durability of allocation of roles and responsibilities
- Improved fiscal sustainability
- Current horizontal inequity between those with similar levels of need by differing access to local services and supports, due to patchiness and targeting methodologies within the system.
- Need for improved provision of seamless support, sustainable outcomes and transition for people with multiple and complex needs across the system

Goals of Reform

- Adequate and sustainable revenue for social programs
- Reforms to Commonwealth service funding which promotes greater devolution to State and local levels
- Commonwealth/State funding agreements deliver greater transparency and accountability
- Commitment to address the structural economic issues driving locational disadvantage, lack of opportunity or access to education, training and employment outcomes
- Equitable access to services and support across Australia
- National policy coordination and collection and maintenance of national data sets
- Funding for services is long term and adequate to meet current and projected demand

Principles for Reform

- Stakeholders are actively engaged in co-design of the system
- Reform approach reflects a true partnership approach between Government and non-government stakeholders
- Reform approach reflects a true partnership approach between levels of Government (Federal, State and Local) and across portfolio areas



- Reform considers the significant Commonwealth structural levers that directly affect outcomes
- No net loss to service delivery levels
- Reforms should improve equity in the distribution of resources, access to opportunity and outcomes

14.0 A Partnership Approach to working with Aboriginal and Torres Strait Islander Organisations and Communities.

The Council suggest that the APONT Principles (Appendix 1) provide an excellent model for how community sector organisations can work together to deliver more effective services in partnership with existing and developing Aboriginal community-controlled service organisations. We have been promoting these principles to our members and are encouraged that many organisations delivering services to Aboriginal communities or where Aboriginal people make up a significant proportion of service users have signed up to a voluntary commitment to apply these principles.

These principles are designed to guide the development of a partnership-centred approach between Aboriginal organisations and mainstream providers tendering for services or developing initiatives for Aboriginal people. Governments can support this approach, in a number of key ways, including:

- How they engage with service providers and communities in program and service co-design processes (something sorely lacking in the IAS and DSS tender processes);
- How they run tender processes that encourage and support organisations to take a partnership-based approach to service design and integration (including allowing sufficient time in tender processes for consultation, collaboration and the formation of partnerships and consortia);
- How they assess tender bids (looking for evidence of collaboration and community engagement);
- How they structure contracts (for instance, ensuring contract offers do not prohibit collaboration, or that contracting terms and conditions allow for multiple lead agencies or enable a transfer of control over time, rather than locking in a single lead contractor with sub-contractor model).

Contracting can be particularly important in how we build Aboriginal control over time, support good governance and ensure a viable exit strategy.

The APONT Principles focus is on how we can partner fairly, share knowledge and expertise both ways to build capacity and in doing so empower Aboriginal services (and communities) to increase their resilience and effectiveness and then work towards stepping back over time and enabling self-determination.

- They set some ground rules for behaviour to create a relationship of trust
- They attempt to stop the decimation of Aboriginal community controlled organisations and give them a better chance in competitive tendering
- They recognise their unique role in building community capacity and participation



- They can also help to keep governments accountable for the decisions they make in service funding and tendering processes.

Below is a summary list of these principles we developed for our recent Emerging Issues for Community Sector Leaders Forum¹⁸ that may be of some use

The Key Principles

Mainstream organisations should start from a commitment to working in partnership:

1. Consider their own capacity – are they best placed to deliver these services?
2. Recognise existing capacity of Aboriginal orgs (This means you need to ...)
3. Research existing options
4. Seek partnerships (i.e. don't directly compete)
5. Partner to build and strengthen – not displace
6. Recognise & support existing practices (they may be implicit and undocumented)
7. Work together to create strong and viable Aboriginal organisations
... and to ensure Aboriginal control
8. Develop a clear exit strategy
9. Ensure evaluation and accountability
10. Learn and promote cultural competency and development practice.

15.0 The importance of community engagement in co-design

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The engagement of service users and affected communities is critical in the design, delivery, ongoing evaluation and improvement of effective community services. This is particularly true when dealing with multi-factorial or 'wicked' problems, complex-need, entrenched and inter-generational disadvantage. Effective solutions require the active participation and ownership of service users if they are to succeed in making significant, sustainable, transformative outcomes. Those facing significant disadvantage need to be able to envision a better future, aspire to achieve a better life, and be empowered to be an active participant in making it happen.

That community engagement is critical in overcoming Indigenous disadvantage is well-known and well-documented, for instance in the Productivity Commission OI Reports and the Closing the Gap Clearinghouse 'What Works' analysis.¹⁹ Similarly, the development of innovative service models requires significant levels of community engagement to ensure success. Effective engagement is predicated on trust, and reliable longer-term personal relationships are particularly important in the delivery of services in Indigenous communities.

¹⁸ WACOSS: *Emerging Issues for Community Sector Leaders Forum*, 1 April 2015.

¹⁹ *Op. Cit.* See also Submission by Fred Chaney AO.



It is clear that, despite the high-level commitment to reform in the development of the IAS model, effective co-design processes require three things that were sorely lacking in the IAS tender process - established relationships based on mutual trust and respect, empowered decision making and flexibility (particularly but not exclusively on the part of PMC contract managers), and sufficient time for co-design processes to take place.

Citizen engagement in co-design is an area of emerging practice where we are seeing an approach that is changing service culture and improving in service outcomes. Rethinking how we engage service users, not as passive consumers of services, but as citizens who can and should play an active role in designing services to suit their needs, their priorities and aspirations. To do so can involve turning risk management on its head and focusing on what is the risk of a poor outcome to the service user (rather than to the service provider, public servant or Minister). What is clear from our experience to date in implementing co-design processes is that, above and beyond a high-level commitment to engagement, there is a need for us to develop mechanisms to support and inform co-design practices.

Over the last year, as part of the partnership approach within WA, Good Practice Guidelines have been developed through the Partnership Forum. These are a result of the analysis of some attempts at co-design in tendering processes in WA that have met with mixed success. We have learnt a good deal by being forthright and open about where things have gone wrong.

Key learnings include:

- We need to be clear about the purpose and scope of consultation.
- We need to allow plenty of time for an open co-design process
- It must be based on shared understandings and a clear mechanism for engagement
- And it should be informed by good data and analysis ...

Note they are called 'good' and not 'best' practice guidelines. This is both an admission that this is a work in progress and an iterative process, and also recognition that a one size fits all approach may not work well across different types of programs and services. These guidelines are attached to this submission as Appendix 3 below.

16.0 Recommendations

The Council suggests that the way forward is for the Commonwealth to commit to reforming the Commonwealth Grant Guidelines through a collaborative consultation process in partnership with the community services sector. The recommendations below are our contribution to starting that dialogue with the Minister, PMC and our national and interstate colleagues. We have structured this section of the submission to provide a list of some specific problems identified by service providers with the tender processes, together with other related issues pertaining to their relationship with the Department in service development, delivery and assessment and then provide specific recommendations to address these issues.



Key Recommendation: That the Commonwealth reform the Commonwealth Grant Guidelines in partnership with the community services sector.

Specific Issues and Responses

Below we provide some analysis of particular issues of concern arising from the IAS tendering process along with specific recommendations of how they could be addressed as a means of reforming Commonwealth Grant Guidelines and service procurement processes.

1) Lack of consultation and engagement with the design and scope of tendered programs and with the tendering process and timeline

- a) Lack of clarity in the tender process
- b) Lack of clear scope of services required
- c) Lack of specification of geographic areas or cohorts targeted
- d) Lack of specification of service user, cohort or population level outcomes sought
- e) Lack of a clear timeline for the tender process or adherence to that timeline

Recommendation 1. Advance notice should be provided a minimum of 6 months ahead of any service procurement process, including clear information on the size, scope and nature of any services tendered, the relevant population or cohort groups and their desired outcomes.

Recommendation 2. Where there are significant changes to the size, scope or nature of services tendered there should be a clear and open consultation process with services concerning program design and service outcomes.

Recommendation 3. Clear and consistent advice on the goals and outcomes of any service consultation or engagement processes need to be provided at the commencement of those processes, including clear information about the level of engagement as to whether it is for information only, consultation seeking input or endorsement, or whether it is a genuine co-design process.²⁰

2) Lack of transitional processes or arrangements

- a) Insufficient notice of process and timelines to allow existing service providers to enable certainty for staff or meaningful and supported transitions for clients
- b) Lack of information provided to those receiving a service offer about where funding to other existing services had been cut or changed, to allow them to transition clients, enter into sub-contracting arrangements or secure experienced staff

3) Poor timing of processes

- a) Tight timelines for service providers to develop service tenders

²⁰ See for example the Partnership Forum's *Good Practice Guidelines* (2015) as listed further below.



- b) Unreasonable timelines for service providers to respond to contract offers (given significant changes of scope, duration and cost of services offered compared to those tendered for)
- c) Uncertain and shifting timelines for IAS evaluations and responses

Recommendation 4. Clear timelines are established well in advance of any tendering process - ensuring new contracts are finalised a minimum of 6 months prior to the end of existing service contracts.

Recommendation 5. Timelines for service re-negotiation, transition or wind-up should be built into service contracts

4) Changing scope in contract offers

- a) Many organisations received service offers that were fundamentally different from the services they had tendered for
- b) Changes included variations in the location or geographic extent of services (including some asked to provide their service in a town where they had no staff or facilities) the period of the contract and the range of services offered
- c) This required services to re-scope, re-cost and redesign service models - a significant additional impost within a very short timeframe to accept an offer
- d) Within this time service providers might also need to seek additional service capacity or negotiate sub-contracting or other collaborative arrangements (while hampered by a lack of information about existing services and by confidentiality restrictions as below)
- e) Ministerial and IAS communications indicated a clear preference for and intention to move to longer contract terms, so it is unclear why some service offers based on 5 year tenders were reduced to shorter terms, and no explanation was provided.

Recommendation 6. Recommendation 6: Service type, scope, duration and geographic extent should clearly be established at the outset of a tender process (preferably co-designed with service providers prior to entering into a competitive tender) and changes to this scope should then only be considered on the agreement of both parties where there is a clear reason to do so.

Recommendation 7. Recommendation 7: Sufficient time should be allowed for contract negotiations.

5) Lack of clear and meaningful information supplied by IAS

- a) Service providers received generic letters or emails that lacked any meaningful information
 - about why tenders were not successful
 - about why changes were made in service offers to the scope, duration, cost or geographic extent of services they had tendered for
- b) there were significant delays for service providers seeking more information to clarify offers, often requiring multiple calls and emails and repetition of the same questions and information to different IAS staff
- c) IAS staff were unable to supply meaningful information about the rationale for or background to changes to service offers compared to those tendered for



- d) Those receiving service offers where the scope or geographic extent of services requested had changed were not informed where existing services were being de-funded or cut.
- e) IAS contract staff were unreachable during the response period. We have numerous reports of them not returning calls or emails, and anecdotal reports this may have been as a result of explicit direction (which bears further Committee investigation).
- f) IAS staff lacking the specialist skills to actively engage with local communities in program and service design to implement innovative service models and tailored solutions.

Recommendation 8. Service providers should be given a single clear contact point for information and negotiations within IAS and clear records kept of any questions asked, issues raised or information supplied.

Recommendation 9. Service providers should be able to directly negotiate service terms and conditions with a state or regional contract manager who has the capacity and is empowered to enter into contract negotiations. An ongoing relationship established that enables them to better understand community need and the context of service delivery so they can make informed decisions and participate in ongoing service improvements.

Recommendation 10. The Commonwealth should consider greater devolution of program and service design to the State, regional and local level to enable more appropriate and responsive location-based services to be developed.

Recommendation 11. The Commonwealth should empower State and regional contract and program managers to be able to enter into cross-departmental, cross-portfolio and cross-sectoral negotiations to enable them to participate in collaborative location-based collective impact service development initiatives.

Recommendation 12. The Commonwealth should ensure that public servants have access to comprehensive training programs to ensure they have the specialist skills necessary to work effectively in this area - particularly in relation to service user and community engagement, service co-design and collaborative contract negotiation.

Recommendation 13. The Commonwealth should use as a starting point the Good Practice Guidelines²¹ developed by the WA Partnership Forum in developing guidelines to support the co-design of community programs and services, and should enter into a process of adaptation and continuous improvement in partnership with the community services sector.

²¹ *Good Practice Guidelines*, The Partnership Forum, 2015. Note that these guidelines are appended to this report and should be published shortly at: <http://www.partnershipforum.dpc.wa.gov.au/>



Recommendation 14. That Good Practice Guidelines be developed for the three way process of program and service co-design involving Federal and State or Territory Governments together with the community services sector.

6) Onerous and unreasonable contract terms and conditions

- a) Confidentiality requirements restricted the ability of services to enter into collaborative agreements or partnerships. Where existing services had been cut back or de-funded, not only were those with expanded contract offers not told of these existing services, but they were prohibited from discussing their service offers with them, making it impossible to identify service gaps, negotiate collaborative arrangements, ensure the transition of former clients or offer jobs to outgoing staff.
- b) Unnecessary and restrictive provisions that micro-manage operational issues.

Recommendation 15. Ensure no contracts proscribe service providers from entering into negotiations to establish collaborative arrangements (including sub-contracting or MOUs), including the sharing or receiving of necessary information about service offers or services being terminated or transitioned.

Recommendation 16. Ensure no contracts proscribe service providers from participating in policy development, public debate or advocacy.

Recommendation 17. Ensure no contracts proscribe service providers from undertaking independent research and publication in relation to their funded activities.

Recommendation 18. Ensure there is adequate provision for redundancies for staff affected by changes in service procurement and ensure no contracts proscribe service providers from using funds appropriately to meet their employee obligations.

7) Lack of an overarching Commonwealth approach to service procurement

- a) Lack of service continuity for service users
- b) Lack of funding certainty to support collaboration, investment and innovation
- c) Lack of a clear distinction between grants and service contracts
- d) Lack of clear policy guidance on which procurement tools are most appropriate under which circumstances

Recommendation 19. Clearly distinguish between grants and service contracts, delineating where their use is appropriate in the delivery of one-off pilot programs versus ongoing community services, and put in place clear timelines and procedures for service tenders, notifications and transitions

Recommendation 20. Include clear guidance and policies for the use of preferred service provider arrangements, direct negotiation or select tender



processes as a preferred means of ensuring ongoing service delivery, and include provisions for determining when and where competitive tendering processes are appropriate and likely to be beneficial - based on an ongoing periodic review to determine whether services are delivering cost-effective outcomes

Recommendation 21. PMC and the Commonwealth more broadly should consider whether it has the capacity to conduct more effective and efficient tendering processes in the future. If it does not have or is not willing to invest in and develop this capacity, then it should devolve service design and tendering down to the State or Territory level, and restrict its role as a funder of services to setting high level program goals and developing evidence-based outcomes frameworks at the national level.

Recommendation 22. PMC and the Minister for Indigenous Affairs actively and openly engage with the community service sector to reset the relationship to one of genuine partnership, based on clearly articulated principles and behaviours. The goal of this partnership should be putting the people first to achieve meaningful and sustainable outcomes for disadvantaged and vulnerable service users through effective and sustainable services.

17.0 Conclusion

The Council thanks the Senate Finance and Public Administration References Committee for the opportunity to provide a submission to this inquiry, and would welcome an opportunity to provide evidence along with other stakeholders to a committee hearing. Should the Committee have any questions or concerns about this submission, or should you want any further information, please contact Chris Twomey, Director Social Policy at WACOSS on (08) 9420 7222 or chris@wacoss.org.au.



18.0 Appendix 1

Principles for a Partnership-centred approach for NGOs working with Aboriginal and Torres Strait Islander Organisations and Communities (The APONT Principles)

Purpose

These Principles are designed to guide the development of a partnership-centred approach between Aboriginal and Torres Strait Islander and mainstream NGOs in tendering for program funds and engaging in the delivery of services or development initiatives in Aboriginal and Torres Strait Islander Communities.

Objectives

The objectives of these Principles are to:

- Provide a platform for a collaborative approach between Aboriginal and Torres Strait Islander and mainstream NGOs to address issues arising from processes such as the Federal Government's open tendering of all Indigenous funding under the Indigenous Advancement Strategy;
- Provide a funding and procurement environment in which Aboriginal and Torres Strait Islander organisations can be recognised for their unique role in building community capacity and participation in the provision of essential services;
- Prevent the decimation of Aboriginal and Torres Strait Islander organisations as a result of tendering and procurement processes and budget cuts; and
- Hold Government to account and ensure the selection criteria for funding under the IAS and other open tendering processes is fulfilled by each successful applicant, particularly in relation to the ability to:

Demonstrate a commitment to Aboriginal and Torres Strait Islander participation in the design and delivery of the activity, by ensuring that relevant communities are consulted in the development of the project and support the delivery of the project; and through a commitment to employing Aboriginal and Torres Strait Islanders.

Principles

Aboriginal and Torres Strait Islander and mainstream NGOs commit to the following national Principles for a partnership-centred approach when working with Aboriginal and Torres Strait Islander organisations and communities in Australia, on the basis of practical community development and the relationship with and knowledge of local community and organisations.

Aboriginal and Torres Strait Islander and mainstream NGOs agree to specific commitments and actions that organisations can make in the context of procurement and tendering processes including the current Prime Minister and Cabinet funding process under the Indigenous Advancement Strategy (IAS):



Before considering a tender, mainstream NGOs shall thoroughly research existing Aboriginal and Torres Strait Islander service providers and development agencies before applying in order to recognise the capacity of such organisations to deliver further services/programs and to build upon existing relationships with partnership potential.

1. NGOs shall objectively assess their own capacity (either in service delivery or development practice) to deliver effective and sustainable outcomes in Aboriginal and Torres Strait Islander communities and only tender for such services when it is determined that such capacity is of a level that warrants it making such an application.
2. Where Aboriginal and Torres Strait Islander NGO's are willing and able to provide a service or development activity, mainstream NGOs shall not directly compete for tender, but will seek, where appropriate, to develop a partnership in accord with these principles. National peak Aboriginal and Torres Strait Islander organisations will agree to provide advice if required regarding Aboriginal and Torres Strait Islander organisations tendering under the IAS procurement process.
3. Where participating in a tender Aboriginal and Torres Strait Islander and mainstream NGOs shall include Key Performance Indicators (KPI) and outcomes that demonstrate implementation of these principles including:
 - participating in and supporting development of community level capacity, governance and decision making;
 - developing a robust accountability framework and evaluation process together with partnering organisations and communities;
 - where the desired outcome is for local Aboriginal and Torres Strait Islander organisations to deliver services or provide a development role, mainstream NGOs will develop a mutually agreed, transparent exit strategy in consultation with their partners. Contracts with government should incorporate a succession plan and long term planning for local Aboriginal and Torres Strait Islander organisations to deliver services, with appropriate resourcing included.
4. Aboriginal and Torres Strait Islander organisations and mainstream NGOs will seek to work together to share learnings and establish effective development practice and cultural competency standards for development projects and service delivery initiatives to enhance the cultural relevance and quality of services to Aboriginal and Torres Strait Islander peoples, recognising there may be a need to resource this work specifically.

**These principles have drawn heavily upon a set of 'Principles for a Partnership-Centred Approach for NGOs Working with Aboriginal Organisations and Communities in the Northern Territory'. These were developed by a consortium of agencies in 2013 including Aboriginal Peak Organisations Northern Territory (APONT), National Congress, SAF.T, NTCOSS and ACOSS; and subsequently endorsed by a number of Aboriginal and mainstream human service providers and development agencies operating in the Northern Territory.*

A List of Signatories is available [here](#) on the ACOSS website.





19.0 Appendix 2

Summary of Lessons Learnt from the implementation of the *Delivering Community Services in Partnership Policy*

This is a version of the outcomes of an assessment of the first stages of implementation of the DCSP Policy undertaken by the Partnership Forum in 2013, edited to be of broad relevance to the Commonwealth with regards to its tendering processes.

TRANSPARENCY

1. Provide a clear scope of the procurement of the service or program process. This scope should be provided at the beginning of the process. The procurement process should be understood by both the public and the not for profit sectors.
2. Recognise that there is a spectrum of procurement processes determined by the overall context, including the particular service or program, government priorities, community need or outcomes being sought. It should be clear on where a particular procurement process sits on this spectrum. The parameters of the process should be clearly communicated to both the public and not for profit sectors. This may include relevant government decisions, existing policy priorities, budgetary or timing constraints or the requirement to achieve a particular government policy outcome.
3. Procurement processes should outline *either* a fixed cost budget *or* a set of pre-determined outcomes but not both, and not neither.
4. Procurement processes should clearly articulate the vision of the service being sought and the type of outcomes that are to be delivered under this vision. This may include distinguishing between service outcomes or community outcomes, or clearly communicating how the outcomes fit within broader policy frameworks.
5. Effective communication opportunities and briefings should occur throughout the procurement process, including comprehensive post-procurement feedback to both successful and unsuccessful applicants. In addition, collaboration should occur while recognising the not for profit sector's right to advocate to government.

INVESTING IN COLLABORATION

6. Provide a commitment of resources from both the public and not for profit sectors to ensure the collaboration process works adequately and ensure that procurement design structures are open to consultation. Ensure that the consultation occurs at the front end of the procurement process in order to prevent the stifling of innovation.
7. Recognise that building genuine collaboration in the design and delivery of services requires time. Effective communication and collaboration may include exercises such as market sounding, the release of exposure drafts or directly involving not for profit organisations in the design of outcomes.



8. Recognise that it is possible and desirable to achieve collaboration between government agencies and the not for profit sector in the co-design of tenders, and to simultaneously establish a competitive tender environment.

BUILDING CAPACITY

9. Effective collaboration between government agencies necessitates oversight across agencies by central mechanisms within Government that have both the capacity to assist and support collaboration and to require it.
10. Learn by doing: it is important for both the not for profit sector and government agencies to feed the lessons from past implementation back into current practice.
11. Share knowledge, learnings and experience with others within both the not for profit and public sector through the Partnership Forum to ensure that experience informs the practice of all.
12. Clearly articulate the benefits that are realised through the action learning process to both the not for profit and public sector staff.



Draft Good Practice Guidelines for Engagement and Collaboration in Community Services Procurement

This document has been developed as a guide for government agencies undertaking community services procurement. It provides an outline of the behaviour expected when engaging with the Not-for-Profit (NFP) sector, and provides some practical considerations for undertaking collaboration processes.

The nature of the relationship between government agencies and NFP service providers is central to the *Delivering Community Services in Partnership (DCSP) Policy*. Partnership Principles and Behaviours have been established which guide both sectors when undertaking collaboration regarding the planning, design and delivery of community services. The *DCSP Policy* is clear that collaboration must commence during the procurement planning phase, prior to decisions being made about possible funding and contracting strategies.

What are the Partnership Principles and Behaviours that apply to engagement and collaboration in community services?

Government agencies undertaking engagement and collaboration with NFP organisations must have regard to the Partnership Principles outlined in the *DCSP Policy*.

1. A commitment to improve social, cultural and economic outcomes for the Western Australian community.
2. A collaborative approach to decision-making and working together recognising the interdependence in the delivery of Community Services.
3. A partnership based on mutual trust and respect, with openness and transparency in all activities.
4. A recognition of the value and contribution of both sectors in the design and delivery of Community Services and the important roles each play in the wellbeing of the community.
5. An enduring commitment to the sustainability of Community Services.
6. A commitment to empowerment of service users in the planning, design and delivery of Community Services.²²

The *DCSP Policy* outlines expected Behaviours for both government agencies and NFP organisations engaged in the provision of community services.

1. An enduring focus and drive to deliver demonstrable improvements in outcomes for all Western Australians.
2. Consultation on all significant issues, including the development of policy, planning and service design.

²² The *Delivering Community Services in Partnership Policy* (2011), p5.



3. Transparency in decision-making, including through the sharing of data and information, basis for funding decisions and contracting requirements.
4. An interdependent approach to the planning and delivery of Community Services.
5. Public Authorities and Organisations work together to ensure that funding levels are sufficient for sustainable Community Services.
6. Engagement of citizens in the ongoing planning, design and delivery of Community Services through direct and indirect methods of consultation and representation in the development of service delivery. ²³

These Principles and Behaviours are reflected in the practical guidelines below.

Who should government agencies consult with?

The *DCSP Policy* notes the importance of engaging citizens as well as the NFP sector in the planning, design and delivery of community services. The engagement of citizens could be undertaken through an anonymous survey of service users about how current services are meeting their needs, or gaining advice from consumer advocates regarding gaps in service delivery.

Community Services peak bodies are key sources of information regarding community needs. Contacting peak bodies early in the procurement planning phase will enable them to assist with engaging stakeholders, many of whom government agencies may not have access to. It is recommended that as many potential service providers as is practicable are engaged, as this will deliver a variety of viewpoints and a robust collaboration process. In practice this may involve government agencies contacting a wide range of individuals or organisations and asking these parties to participate in any engagement activities.

Additional key stakeholders may include other government agencies, sector experts, and service experts. Where a government agency is unsure of which stakeholders may be relevant to the community service they are looking to purchase, advertising collaboration sessions widely through any usual means of communication with the community will often be a useful starting point.

What should we consult and collaborate on?

Collaboration with NFP organisations and service users should cover a variety of aspects of the proposed community service. At a minimum, engagement and collaboration should take place regarding the community outcomes being sought (i.e. the desired impact or 'change' the services should achieve), the potential design of the service model, or any other requirements the government agency may have about how services are to be delivered (for example, quality standards).

In some cases, the government agency may need to consult key stakeholders regarding the community need, social drivers and possible strategies to engage the service users. This may include undertaking an analysis of gaps in current services and/or a market profile and capacity analysis. Engagement should identify any previously unknown information about the market including potential service providers and service models; this is a process with which peak bodies may be able to assist.

²³ *The Delivering Community Services in Partnership Policy* (2011), p5.



For example, in planning a community services procurement process you may be unsure of whom the potential service providers are, what best practice is for this area of services, and whether the community's needs have changed since engagement was last undertaken. In this scenario, contacting all relevant stakeholders to gain feedback on these questions would lead to a greater understanding of the community need, how it could be achieved and who would be well placed to provide the services.

In another scenario, you may have a good understanding of the market and the community need, but choose to engage your stakeholders in collaborative service design to develop community outcomes and ensure that your specification for services encourages innovation in service delivery.

How should engagement and collaboration take place?

There are a number of ways that government agencies can undertake engagement and collaboration. Forums or workshops with multiple representatives of the NFP sector and/or the community are often useful, or it may be more appropriate to meet with service users and NFP organisations individually. Where unsure, seek guidance from the organisations or individuals with whom you are in consultation to ensure that the format of the formal engagement process is one they are comfortable with and will enable honest and considered feedback.

In some circumstances, it may be appropriate to provide documents (for example, a table of draft outcomes) prior to collaboration meetings to enable participants to consult with their key stakeholders prior to a meeting. This can encourage an iterative engagement process whereby service design evolves through a series of discussions between parties.

Government agencies should communicate the result of engagement with all participants, and encourage participants to provide feedback on the engagement process to improve future practice.

Therefore, in practice, an engagement process may involve many elements. Successful service design may be achieved by holding workshops with an open invitation to all interested parties (e.g. potential service providers and community representatives) to discuss funding levels and service design. Documents could be provided to participants prior to the workshop; feedback could be incorporated into the design of services on the spot and all participants would be contacted with the results of their feedback following the collaboration process.

How long should we allow for engagement and collaboration?

Allowing insufficient time is a significant barrier to effective collaboration and engagement. The co-design of a community service can take time, especially in circumstances where a government agency has a range of stakeholders to consult and the service is complex.

As the tendering process may take six months or more, it is recommended that initial engagement is undertaken as soon as possible. Government agencies should aim to have completed their collaboration at least six months prior to the anticipated commencement date of any service agreement.

For example, if a service agreement is due to expire 30 June 2015, the procurement process would ideally commence in early 2015. As such, the government agency may choose to begin their



engagement process from 30 June 2014 in order to allow sufficient time for an iterative, collaborative process to identify the ongoing community need, define the desired community outcome and explore service design options.

Where can I find further guidance and practical examples about how to collaborate effectively?

A wealth of evidence and guidance about the value of collaboration and partnership from early service planning and design stages through to procurement, service delivery and evaluation, is available from both Australian and International sources.

Some suggested resources are available online:

- The Australian Centre for Social Innovation's [Co-Design Approach](#);
- The Australian Centre for Social Innovation's [Australian and International Networks](#);
- Nesta's [Innovation Labs](#);
- Nesta's [Coalition for Collaborative Care](#); and
- Nesta's Report: [By Us, For Us: The Power of Co-Design and Co-Delivery](#).

Who can I contact if I need further assistance?

FaCS is available for assistance with community services procurement, including any queries regarding engagement and collaboration via [e-mail](#) or on (08) 6551 1515.



21.0 Appendix 4

Close the Gap Clearinghouse - 'What Works' - All building blocks

What works

- **Community involvement and engagement.** For example, key success factors in Indigenous community-based alcohol and substance-abuse programs were strong leadership, strong community–member engagement, appropriate infrastructure and use of a paid workforce to ensure long-term sustainability.
- **Adequate resourcing and planned and comprehensive interventions.** For example, a systematic approach with appropriate funding arrests the escalating epidemic of end-stage kidney failure, reduces suffering for Indigenous people and saves resources. A strong sense of community ownership and control is a key element in overcoming Indigenous disadvantage.
- **Respect for language and culture.** For example, capacity building of Indigenous families and respect for culture and different learning styles were considered to be important for engaging Indigenous families in school readiness programs.
- **Working together through partnerships, networks and shared leadership.** For example, an Aboriginal-driven program increased knowledge about nutrition, exercise, obesity and chronic diseases, including diabetes. The educational component, participation of local Indigenous people in the program and committed partnerships with the organisations involved were important to the program's success.
- **Development of social capital.** For example the Communities for Children initiative, under the Australian Government's former strategy (the Stronger Families and Communities Strategy 2004–2009) highlighted the importance of a collaborative approach to maternal and child health, child-friendly communities, early learning and care, supporting families and parents, and working together in partnership.
- **Recognising underlying social determinants.** For example, data from the Longitudinal Study of Australian Children demonstrated that financial disadvantage was one factor among other variables that may affect school readiness and progress for young children.
- **Commitment to doing projects with, not for, Indigenous people.** For example, the evaluation of the NSW Count Me In Too Indigenous numeracy program found that contextual learning was successful and critical, professional development for teachers was essential, effective relationships were vital and Aboriginal community buy-in was also essential for ongoing success.
- **Creative collaboration that builds bridges between public agencies and the community and coordination between communities, non-government and government to prevent duplication of effort.** For example, a collaborative project between health and education workers at a primary public school in South Australia (The Wadu Wellness project), in which a number of children were screened, has resulted in follow-up and support for children for hearing problems and dental treatment, and social and emotional support.
- **Understanding that issues are complex and contextual.** For example, frequent house moves, neighbourhood conflict, functionality of housing amenities and high rental costs were found to have an impact on children's schooling (CtGC 2011).
- **Flexibility in design and delivery** so that local needs and contexts can be taken into account.
- **The importance of building trust and relationships**, with an emphasis on retention of staff.
- **A well trained and well- resourced workforce.**
- **Continuity and co-ordination of services** (CtGC 2013d).



What doesn't work

- **'One size fits all' approaches.** For example, residential treatment for alcohol and other drugs dependency is generally not more effective than non-residential treatment. However, evidence indicates that residential treatment is more effective for clients with more severe deterioration, less social stability and high relapse risk. As these are characteristics of many Indigenous clients, residential treatment may be most appropriate.
- **Lack of collaboration and poor access to services.** For example, successful interventions require the integration of health services to provide continuity of care, community involvement and local leadership in health-care delivery and culturally appropriate mainstream services. These steps help to ensure the suitability and availability of services, which can thereby improve access by Indigenous Australians.
- **External authorities imposing change and reporting requirements.** For example, a review of evidence from seven rigorously evaluated programs that linked school attendance with welfare payments in the United States found that sanction-only programs have a negligible effect on attendance, but that case management was the most critical variable.
- **Interventions without local Indigenous community control and culturally appropriate adaptation.** For example, evidence indicated external imposition of 'local dry area bans' (where consumption of alcohol is prohibited within a set distance of licensed premises) was ineffective and only served to move the site of public drinking, often to areas where the risk of harm was greater.
- **Short-term, one-off funding, piecemeal interventions, provision of services in isolation and failure to develop Indigenous capacity to provide services.** For example, a one-off health assessment with community feedback and an increase in health service use was unlikely to produce long-term health benefits and improvements. An ongoing focus on community development and sustained population health interventions are needed (CtGC 2011).
- **Lack of cultural safety:** Services that do not provide a culturally safe environment are unlikely to engage Indigenous families. Employing local Indigenous staff is one means of providing a culturally safe service. Most importantly, staff need to respect and have an understanding of local Indigenous culture and knowledge. Appropriate images and language in program materials are also important for engaging Indigenous families.

References

CtGC 2011. What works to overcome Indigenous disadvantage: key learnings and gaps in the evidence. Produced for the Closing the Gap Clearinghouse. AIHW Cat. no. IHW 52. Canberra: Australian Institute of Health and Welfare, Melbourne: Australian Institute of Family Studies. http://www.aihw.gov.au/uploadedFiles/ClosingTheGap/Content/Publications/2011/what_works_to_overcome_disadvantage_2009-10.pdf

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