



***Submission to the Independent Review of the Australian  
Public Service***

***July 2018***

## **Introduction**

This submission outlines key areas of opportunity and concern for the Community Council for Australia (CCA) in relation to the Independent Review of the Australian Public Service (the Review).

CCA welcomes the opportunity to engage with the Review and its work to improve the capability and performance of the Australian Public Service.

CCA has consulted with members (see listing in appendix 1) in framing this submission, however, it is important to note that this submission does not override the policy positions outlined in any individual submissions from CCA members.

The content of this submission includes: a brief background to CCA; an overview of the current context for the broader charities and not-for-profit (NFP) sector; a background on previous public sector reviews, a background on the relationship between the public sector and the NFP sector, seven broad recommendations addressing key issues in relation to the Review, and a conclusion.

CCA welcomes this opportunity to provide input into the Review and is keen to engage in further discussion as the Review's recommendations are developed and considered.

## **The Community Council for Australia**

The Community Council for Australia is an independent non-political member-based organisation dedicated to building flourishing communities by enhancing the extraordinary work undertaken by the charities and not-for-profit sector in Australia. CCA seeks to change the way governments, communities and NFP organisations relate to one another. It does so by providing a national voice and facilitation for sector leaders to act on common and shared issues affecting the contribution, performance and viability of NFPs in Australia. This includes:

- promoting the values of the sector and the need for reform
- influencing and shaping relevant policy agendas
- improving the way people invest in the sector
- measuring and reporting success in a way that clearly articulates value
- building collaboration and sector efficiency
- informing, educating, and assisting organisations in the sector to deal with change and build sustainable futures
- providing a catalyst and mechanism for the sector to work in partnership with government, business and the broader Australian community to achieve positive change.

Our success will drive a more sustainable and effective charities and not-for-profit sector in Australia making an increased contribution to the well-being and resilience of all our communities.

## **Background context: the not-for-profit sector**

The NFP sector encompasses over 600,000 organisations - from large to very small - and employs well over one million staff (around 10% of all employees in Australia). Australia's 54,000 charities collectively turn over more than \$130 billion each year and hold over \$260 billion in assets. In the last decade, sector growth has continued at more than 7% a year, a figure that is higher than any other industry group.

These facts tell only a small part of the story. The real value of the NFP sector is often in the unmeasured contribution to Australian quality of life. NFPs are at the heart of our communities; building connection, nurturing spiritual and cultural expression, and enhancing the productivity of all Australians. Collectively, they make us a more resilient society.

The importance of the NFP sector is now being internationally recognised with many governments putting in place measures to increase NFP investment and productivity. Smaller government and bigger community is a common theme, driven in part by savings, but also by a commitment to greater civic engagement, social entrepreneurship and productivity within the NFP sector.

The establishment of the Australian Charities and Not-for-profit Commission (ACNC) is the first time the NFP sector has had an independent regulator dedicated to serving their needs and enhancing their capacity. It has proved to be a positive step towards red tape reductions, increased transparency, and trust in the community by prospective volunteers and donors. The national charities register has also provided invaluable information.

While the recent history of the NFP sector is framed by growth and reform, new issues are emerging. The level of volunteering and individual philanthropic giving as a percentage of income has still not recovered to the highs of 2009. At the same time, revenue available to governments is effectively falling in real terms against a backdrop of increasing demands and higher community expectations. Competition for fundraising and services has increased.

Given the size of the sector and its critical role in our community, Government can achieve real economic and social benefits if it chooses to strategically invest in strengthening our communities and our NFPs. There have been numerous reports and recommendations relating to the NFP sector over the last decade, but relatively few have been acted upon.

The inability of governments to streamline their own regulatory processes, their tendering processes, contract management and programs monitoring has consistently been identified as a major barrier to improving productivity in the not-for-profit sector in Australia. The lack of certainty in the government regulatory environment, funding and contracting processes also undermines performance and ongoing investment in improving outcomes. For the sector to be more effective, these issues must be addressed.

Positive change often requires increased collaboration, recognition of shared goals and shared ways of achieving outcomes. Given the size of the NFP sector and its critical role in improving Australian well-being, there is scope to boost productivity by working constructively with the NFP sector in developing more responsive and effective programs and services, seeking to achieve shared goals and outcomes.

Working better with the NFP sector will require a significant culture shift across government.

## Background context: learning from previous public sector reviews

Many in the NFP sector have been involved in numerous reviews of the public service. Governments and their departments repeatedly talk about the need to do things better, to reform, to focus more on policy goals, on outcomes, on impact, on better measures, better processes, better management of risk, better engagement with communities, etc. etc. Reports are prepared, recommendations made, and very little changes. This submission will draw on findings from some of these 'shelved' reports.

Earlier this year the Productivity Commission produced a comprehensive report into the delivery of human services in Australia which makes critical recommendations about how the public service can improve its effectiveness in this area ( <http://www.pc.gov.au/inquiries/completed/human-services/reforms/report>). There has been no reaction from government and nothing has changed.

In 2012 the Department of Finance and Deregulation produced a considered review entitled *Is Less More - Towards Better Commonwealth Performance* as part of the Commonwealth Financial Accountability Review ([https://www.finance.gov.au/sites/default/files/CFAR\\_Discussion\\_Paper.pdf](https://www.finance.gov.au/sites/default/files/CFAR_Discussion_Paper.pdf)). While a resulting Bill ([http://classic.austlii.edu.au/au/legis/cth/bill\\_em/pgpaaab2014522/memo\\_2.html](http://classic.austlii.edu.au/au/legis/cth/bill_em/pgpaaab2014522/memo_2.html)) streamlined a number of reporting and accountability processes, the major issues of risk management and reporting of actual performance were largely ignored. A similar outcome met the expert group recommendations for reform in 2010: <http://apo.org.au/system/files/20863/apo-nid20863-24401.pdf>

A great deal of NFP sector time and energy was invested in developing a National Compact with government as well as working with various government departments on contracting and other issues as part of the Not-For-Profit Sector Reform Council work:

([https://www.pmc.gov.au/sites/default/files/publications/annual\\_reports/2010-11/html/special-features/not-for-profit-sector-reform.html](https://www.pmc.gov.au/sites/default/files/publications/annual_reports/2010-11/html/special-features/not-for-profit-sector-reform.html)). Almost all of this work, including many hours of collaborative work with government lawyers, charity leaders and senior public servants to streamline contracting and risk management approaches, has been ignored.

There are numerous other reports, attempts to learn from other jurisdictions (like New Zealand where outcome contracting is increasingly being applied), many recommendations made, and many commitments given on critical issues – including reducing red tape for the charities sector.

Public sector reform in Australia seems like a constantly moving weather front, lots of clouds, the occasional flash of lightning or thunder, but bringing no rain and little change in temperature. Each public sector fiefdom seems to have its own defences that enable it to resist change. As one very senior public servant once told CCA when lamenting the difficulty of developing more effective engagement with community-based organisations, *'you have to understand, there is a level of permafrost in our department below which policy and practice directions from above cannot effectively penetrate.'*

CCA supports a more effective, focused and accountable public sector, but the most common reaction in the charities sector to talk about public sector reform is eyes rolling as we move on to the next issue.

CCA hope this latest attempt to drive reform draws on what has gone before, not just in terms of writing a nice report that can sit neatly on shelves, but also learning why change has not happened despite the best intentions of so many well-informed people. Perhaps this review should set itself some real benchmarks and seek to achieve something more than a safe set of words we can all agree to? This process of actually delivering change could start by looking at the failure of previous reports and efforts to achieve public sector reform.

## **Background context: current public sector engagement with the sector**

There is a dog's breakfast of approaches to contracting, tendering and measuring performance of programs involving charities and not-for-profits being applied within Commonwealth agencies. It seems each agency has its own rationale, its own set of mandatory components and priority principles for its particular performance measures and reporting requirements. Even within a given government department or agency, there are often high levels of inconsistency in approaches and processes.

There is one consistent trend across the public service; increasing compliance and micro-management of NFPs as a way of 'improving accountability' or imposing performance measures (as highlighted by the Productivity Commission review: <https://www.pc.gov.au/inquiries/completed/not-for-profit>). This increased compliance approach does not improve performance or enable NFPs to better achieve government policy priorities. It is also counter to good management practice. There is very significant scope to improve productivity and effectiveness through development of better government performance reporting practices and adopting a more collaborative approach to working with NFPs.

Many government departments when confronted with questions about ineffective engagement with the broader charities and NFP sector will point to examples of programs or contracted services where they have actively engaged, or co-designed, or applied more meaningful and relevant contracting and performance reporting in their work with the NFP sector. There is no doubt these examples are real and important. The problem is they are almost invariable exceptions, one offs, trials and pilots that do not impact the broader processes within a government department or agency.

A good example of these exceptional approaches is in the Social Impact Investment area. It is important to note that almost every effective social impact investment or social impact bond in Australia is managed by a central agency – usually a State Treasury Department. (Similarly it was Bill English when New Zealand Finance Minister who drove outcome based systems into the New Zealand public sector.) The exceptional nature of these government investments in achieving social outcomes (including appropriate measures of improved personal achievement and social engagement) often leads to very long lead times and expensive bespoke program set up costs.

The positive aspect of government social impact investments is that they focus on the desired policy goal or outcome and allow the charity to pursue that outcome in their own way without micro-management from public servants. The development of agreed performance measures that move beyond inputs and outputs to outcomes and impact is a huge step forward compared to most government contracting with NFPs. Adopting various forms of payment for services based on results and outcomes works well in certain areas, although it is clearly not a panacea for all government contracting of the NFP sector.

Perhaps the biggest barrier for the not-for-profit sector in working with the public sector is the ingrained view that government knows best. There is a tendency to dismiss the expertise of charities, to assume that anyone can run a charity or develop and manage effective and responsive community programs.

When (as part of the Productivity Review of the sector) charities were asked in confidence if they have a positive relationship with government departments, the vast majority answered no. When public servants were asked confidentially if they have a good relationship with the not-for-profits they deal with, the vast majority said yes. This gap in perception betrays a major issue in the way the public sector engages with NFPs and the broader community sector.

## **Recommendations**

### **1. Clarify the goals of government policies, programs and services**

The most fundamental question in any meaningful discussion of public services and government intervention is to ask; what is the policy goal of these services or initiatives?

Clarity about what the policy goals are is the first step towards effective government. It is the building block on which all transparency and engagement turns and is fundamental in working openly and more effectively with other areas of government, community, service providers and business.

The usual response to questions about policy goals in public services are descriptions of inputs and outputs – number of activities undertaken, people serviced, regulatory actions completed and at what cost. Only rarely is there any real discussion - or reporting - about how the actions relate to the achievement of policy objectives. There is even less discussion about longer term impact.

A lack of clarity about policy goals and actions results in a failure to join up efforts across government, and understand how best to deliver the desired outcomes to achieve the Government's vision for Australia. As a consequence, the Australian Public Service is largely a patchwork of silos and fiefdoms, competing for resources and hampered in its capacity and ability to achieve a holistic approach to policy implementation, or maximise government resources to benefit the Australian community.

### **2. Link government goals to government actions by drawing on expertise**

Assuming there is clarity about the policy goal, the challenging question then becomes what is the best way of developing, funding and implementing appropriate government services or initiatives. The short answer is that any new approach has to be about delivering for the targeted individuals, families and communities. What will work best for them? What will deliver the best outcomes in their lives?

At this point in time, many Australian government departments have been reluctant to adopt more consultative and informed approaches in the development of programs and services. Each area of government has their own approaches, their own priorities, their own processes. Reform has been a slow process, complicated by simplistic understandings of what is termed a service provision 'market'.

In most public services, the policy goal is about achieving a change in the status of those using the services; improving education, increasing employment, providing housing, reducing illness, reducing imprisonment. Unfortunately, these policy goals are often lost in translation when it comes to implementing programs and services. Typically, the lack of specified goals within government programs creates a vacuum that is filled by input and output measures that rarely inform policy goals or describe the outcomes achieved.

If we look objectively at one of governments biggest expenditure items – health – the policy goal is usually about improving health and reducing preventable illness. What is actually rewarded in our government funded health services is illness. This is because health services tend to operate within an activity-based system. Doctors are paid more if they see more sick people or see the same people more often. Surgeons make more if they operate more. Drug companies make more for their shareholders if they sell more of their drugs. Pharmacists make more selling products we know do not improve health.

Reducing levels of mortality and morbidity across population groups is not rewarded in our government funded health systems.

What is missing is the capacity to link policy goals to actions. This usually requires significant expertise and knowledge. The public sector often assumes this knowledge even if they are not 'content' experts. For instance, a government may, for very good reasons, have a policy goal of increasing Indigenous school attendance and retention. Senior government officials might develop and implement a program to pay for additional social workers to visit the homes of Indigenous students absent from school and encourage them to attend or to talk to parents. What gets measured and reported in these programs tend to be the activities measures - how many social workers are deployed and how many hours of home visits are conducted. If the government is able to achieve a major increase in the number of hours of home visits, the officials involved might call the program a success even if school attendance rates only increase slightly.

In practice, improving Indigenous attendance at school is a complex issue driven by many local factors. There have been successful initiatives such as providing a four-wheel drive diesel bus capable of carrying 25 people between remote communities enabling junior football teams to become part of a regular fixture of inter-community football matches. Only kids who attended school could be selected in the football team. Without the bus it would take many vehicles and adults for the inter-community competition to work. Experience tells us that in some communities, this kind of active engagement initiative has increased school attendance by over 30%. Successful investments to increase Indigenous school attendance include; building a swimming pool, setting up a music recording and video production studio, and supporting a mentoring program. What might work in any particular community clearly needs to be informed by those who live and work in the community.

As this example highlights, achieving real change for people and communities is not always about directly intervening in one area, independent of others. This is hard for the public sector that tends to operate in silos rather than as an integrated response. We know, for instance, the best way to improve the health status of someone who is unemployed, homeless, depressed and using illicit drugs may be to provide stable housing, supportive employment and a network of peer support. In the absence of these social determinants of health, the provision of specific health services like mental health counselling or drug treatment may or may not be effective.

How do we know what works? It all starts by setting clear policy goals, talking with individuals involved, local organisations and communities to establish meaningful goals, and then measuring success or failure against the agreed outcomes.

Understanding what works in any given community is what makes NFPs effective in their work. Whether it is in animal welfare or music education, whether it be a charity, an NFP or even a mutual or co-operative focused on a community purpose, the real expertise in achieving change within communities will usually lie outside of the public sector. Tapping into this knowledge should be a priority for all public servants. It isn't.

Expertise outside of the public-service is rarely brought to the table when programs and services are being developed, leading to poorly designed, ineffective responses that do not achieve the government policy goal. Despite rhetoric to the contrary, this situation is perpetuated every day across the public sector.

### 3. Reform contracting, tendering and procurement

*'Governments are realising the limitations of the 'contract state' and are searching for more creative ways of applying the experience, knowledge and capability of a wider array of actors to pressing problems in public policy.*

*This 'third wave' of policy delivery in which government, not-for-profits and business work together for public purposes, will need to accommodate a more elastic concept of 'risk', embrace new forms of shared governance, and encourage experimentation and innovation.*

*Crucially, policy actors from all sectors will be obliged to engage in a meaningful conversation with constituencies of need. Where, in the past, public policy interventions were 'done to' or 'done for', in the emerging policy environment policy delivery will be 'done with' end users and communities.'*

Australian and New Zealand School of Government monograph, *'The Three Sector Solution'*

Cited from: <https://www.anzsog.edu.au/blog/2016/07/440/the-three-sector-solution> posted 18/7/16

From an NFP perspective, it seems each new contracting or tendering process operates largely in a vacuum with little use of past performance data to inform future contracting. This is particularly true where information about capacity or performance traverses a number of program areas and government agencies.

All too often the fundamental elements that drive the development and implementation of effective programs and services: consultation; the competency and capacity of management teams and organisations; their relationship with their customers and their communities; their capitalisation; business plans; models of change and sustainability; level of other investors, potential competitors, etc. – are simply not factored into the contracting or tendering process. In some cases it seems the prettiest proposal that mentions the desired buzz words most frequently wins the contract or tender.

One reform option worth considering is to bring greater expertise and effectiveness to the contracting process by outsourcing government contracting of public services to non-government specialists who have the capacity to engage with potential clients and their communities, understand change models and the specific content area; can manage risk without resorting to micro management of inputs and outputs, understand measurement of service outcomes that are related to policy goals, can assess organisational capacity, and demonstrate a preparedness to take a longer term view of success.

Other possible ways to achieve greater efficiency, effectiveness and improved outcomes through reform of public service contracting and tendering include:

- *promoting co-design* (with service users, their communities and providers of services)
- *collaboration and collective impact* (drawing on the combined strengths of different organisations in flexible funding arrangements to support community driven goals)
- *broader goals* (less focused on a particular aspect – more holistic. Eg, in human services, including consideration of social supports, housing, employment, etc.)
- *less micro-management and compliance* (giving organisations a greater opportunity to both succeed and fail)
- *greater emphasis on achieving outcomes* (better focus on exactly what the service is meant to be delivering in terms of outcomes and impact)



- *more time to develop and sustain programs* (short-term funding is often consumed establishing capacity which is then undermined by future uncertainty)
- *building on what works* (knowing what has been tried and what works is critical to improving service delivery)
- *recognising the value of relationships* (often the real capacity of an organisation lies in the relationships with clients, families, communities and other service providers)
- *drawing on real expertise and grounded knowledge from service providers and users* (similar to co-design but beyond the development phase – actively engaging people and local organisations in implementing, monitoring and sustaining services delivery)
- *place based solutions* (working with communities to develop local solutions that may be adapted from the experiences of other communities)
- *pay for results* (not paying for activity but paying for delivering agreed measurable outcomes).

The fundamental principle in all these considerations is that we need to improve the way public services are contracted and paid for. This includes overcoming the command and control approach of so many government departments and replacing it with genuine engagement and partnership. We must develop more effective ways to measure and report on outcomes, and we must get better at building and sharing data and evidence of what worked, and what did not.

#### **4. Reform public sector performance measures and staff incentives**

Performance management begins with measurement because we know what gets measured and reported gets done. As the Commonwealth Financial Accountability Review discussion paper argued:

***It is preferable to have fewer, more meaningful indicators that focus on what matters.***

*(Chapter 7, Improving performance, pg. 50)*

Performance measures against policy objectives are often not available within federal government agencies. This is unacceptable. Of equal concern is that where this information exists it is not widely available or used to inform better investment and better practice.

***'Even where good evaluation and review exists, this information is not readily available to inform government decision making, especially on cross-portfolio matters.... There is no point to evaluation if results are not used.***

*(Chapter 7, Improving performance pgs. 52 and 53)*

Most of the performance reporting currently undertaken is disconnected from policy goals. The experience of not-for-profit organisations is that the compliance and reporting requirements for many of the contracts and funding grants they receive are not directly related to the actual policy goal under which the relevant program operates.

In an outcome blind measurement system even the best policy goals can cease to be important in government agencies because the public sector focus is still largely on inputs and outputs within specific programs rather than achieving the desired policy outcomes. If a program is outcome blind, what performance is being measured and how useful is that measurement? Invariably what is measured is activity.

Developing a performance management approach across the public sector may require letting go of some of the existing approaches and investing in alternative policy driven measures of performance. It may also mean accepting that not all programs will be successful, that we need to learn from mistakes by sharing the information and using it to drive improvements in achieving important policy goals.

If we want to get better at meeting government policy goals and achieving better performance, we need to get better at both measuring and reporting performance, within government and within contracted services. Wherever possible, performance measurement and reporting should provide comparable (over time and over programs) indicators of actual performance against policy goals.

CCA believes the drive for the public sector to deliver policy outcomes in response to appropriately targeted performance measures will be the catalyst for better engagement with the NFP sector and other 'outside' expertise.

## **5. Reform public sector accountability to the public**

Governments invest billions of dollars of public money in purchasing services to achieve policy goals. It is not unreasonable to expect that the outcomes of government investment be reported transparently to the community which has a real stake in the policy outcomes.

Some Commonwealth agencies will not disclose reports on performance. Any information that might be negatively interpreted or lead to potential criticism is seen as problematic. This poorly thought through risk management strategy leads to inappropriate barriers around releasing performance information. At the same time, the pressure to increase the amount of information collected as a way of deflecting risk drives increased reporting and compliance requirements. The outcome of these two pressures is that more information is collected and less is actually reported or used. This situation leads to enormous frustration within the organisations being asked to provide information to government agencies. Many not-for-profit organisations have repeatedly raised concerns about the level of detail being requested in areas related to inputs and outputs, while no outcome data is collected. How information collected is used in performance reporting remains obscure.

Government agencies are also often reluctant to provide the tools, time or resources necessary to enable not-for-profit organisations to collect and report outcome and impact data. Evaluation requires some knowledge and expertise that needs to be more readily available to NFPs. If we want to know which agencies are delivering on the government's policy goals, the kind of information being collected needs to change and increased resources are needed to collect this information.

The lack of adequate resourcing for performance monitoring, evaluation and reporting has become normal practice. As a consequence, government agencies often claim the fact they have funded a program or service means a social policy objective is being achieved, without knowing about their organisational or programmatic outcomes, the impact on the community, or whether their approach is achieving government policy priorities.

Transparent public sector reporting against policy goals will drive real improvements in public sector performance and reflect increased expectations from communities about effectiveness in government programs and services. As highlighted in the Commonwealth Financial Accountability Review discussion paper:

***‘Changes are occurring in the way government meets citizen expectations and policy challenges. Increasingly, the government collaborates with other jurisdictions and parties in designing and delivering services. Over time this is likely to include greater participation by citizens in service design and delivery as a means of developing more effective and personalised policies and programs. This will challenge historical concepts of accountability and transparency and bureaucratic control.’***

*(Chapter 3, The Case For change, pg. 17)*

## **6. Reform risk management approaches across the public sector**

As already noted in this submission, there has been a clear trend towards increasing compliance and micro-management of not-for-profit organisations as a way of deflecting risk. This approach is not only counter-productive, but also displays a regrettable lack of understanding about the importance of good risk management practices. There is very limited evidence to suggest that more detailed contracts containing more conditions, increased compliance and reporting requirements, more frequent reporting and shorter contract periods reduce risk or improve outcomes. In fact, there are many areas of government contracting where lengthier contracts and less compliance is a much better way to manage risk, including in critical areas requiring complex changes such as Indigenous health and wellbeing.

The achievement of important government priorities and policy objectives is not a risk-free activity. Avoidance of risk is often a good way to ensure policy ineffectiveness. The lack of good risk management knowledge is compounded by a lack of understanding about the actual risks involved in the services being funded, the organisations being funded to accept those risks, and the best ways of managing those risks.

In business investment, factors such as the nature of the people involved in the management of a company, the level of expertise, competence and experience, the past track record of the management team, the past track record of the company, the existing level of capitalisation, who else has invested, the proposed business plan, cash flows, potential competitors, market share, etc. are all considered in judging the risk against the likely return.

There is little evidence that risk management frameworks are being applied in the way governments choose to invest in, fund, contract or grant money to not-for-profit organisations. It is much more likely that there will be tender processes in which relatively inexperienced government officials make decisions based on predetermined criteria relating almost exclusively to the work to be undertaken – not the organisation that might undertake it. What is of even more concern is that such tender processes may operate with little or no real engagement with prospective tenderers, little real risk analysis, and with no reference to history, content knowledge, performance information or real market analysis.

Proposed reforms to government risk management and better engagement with external agencies often fail to penetrate the fundamental assumption that if you collect more and more information and require more and more compliance, you have effectively managed risk, including political risks.

The Productivity Commission highlighted this issue in its report into the productivity of the not-for-profit sector and recommended:

***When entering into service agreements and contracts for the delivery of services, government agencies should develop an explicit risk management framework in consultation with providers through the use of appropriately trained staff. This should include:***

- ***allocating risk to the party best able to bear the risk,***
- ***establishing agreed protocols for managing risk over the life of the contract.***

*(Recommendation 12.6 Contribution of the Not-for-Profit Sector, Productivity Commission, 2010)*

The Commonwealth Financial Accountability Review not only acknowledged the inadequacy of risk management skills in government, but also that implementing new approaches requires culture change:

**Leaders must also support innovation by fostering creativity and ideas – a culture of risk aversion may prevail if innovation is not rewarded. ... Risk management is not about eliminating all risks.**

*(Chapter 8, Engaging with risk, pg. 60)*

## **7. Increase duration and commitment to programs, tenders and contracts**

One of the major obstacles to good management of government programs and services is the capacity of organisations to work to timelines that allow real change to be both achieved and evaluated.

Inadequate time frames to; prepare tenders, develop and implement programs, evaluate and improve programs and services all reflect a lack of understanding of the reality of running programs and services. In areas such as human service delivery, it is almost inconceivable that there is any place for a twelve month contract. Simply establishing a program or services, employing staff, obtaining office space, communications, transport and other infrastructure all require time and resources. Yet some government agencies fail to acknowledge the level of skill and expertise required to deliver effective services and expect not-for-profits to be able to turn program delivery on and off like a tap.

The issue of timing becomes critical when talking about employment of staff, future planning, building of capacity, measurement of performance and investment in organisations to deliver outcomes.

While there is a place for shorter term pilot programs and one-off grants, these should be the exception, not the norm, as they are unlikely to achieve government policy goals. There should be a three-year minimum for most ongoing contracts for services provided by not-for-profit organisations that involve the employment of staff. As part of this approach, there should also be a minimum six-month notice period to enable staff entitlements and infrastructure leasing to be properly managed.

NFP sector programs cannot be turned on and off like a tap. This includes both commencing and ending contracts for services. For instance; one large respected CCA member was given verbal advice that a new contract would be offered for an important project, but three months later no contract had arrived. The Department insisted that the milestones for the project would not be altered, meaning the charity had to start the project based on verbal assurances that the funds will be paid once the contract is signed. And this was supposedly a new centralised streamlined approach to contracting.

If there is one short term strategy that could significantly reduce risk and improve government performance, it is adopting a more realistic approach to the length of contracts and timing of notices for the renewal or cessation of program funding. Such a measure should be a very high priority.

## **Conclusion**

CCA believes the need for a transparent and effective public sector is critical to building the kind of Australia we want to live in. At the heart of any effective public sector is a well-managed performance reporting framework. Unfortunately, in many areas of the public sector, concepts such as performance management, performance reporting, and risk management have been deconstructed and reassembled in forms that disguise their original intent.

CCA strongly supports the need for reform, particularly with the ongoing engagement between not-for-profit organisations and Commonwealth government agencies. The level of counter-productive compliance activity and lack of goal and outcome driven management is having a very negative impact on the productivity and effectiveness of not-for-profit organisations. This reduction in effectiveness means the achievement of government policy priorities is limited and community benefit is diminished.

The not-for-profit sector wants to work with government to improve performance management and reporting so taxpayer dollars achieve more for our communities. There are examples where government has collaborated with the NFP sector and local communities to achieve an integrated performance framework. With appropriate investment in better monitoring, evaluation and reporting, savings can be achieved by first identifying what works and what doesn't, then drawing on this performance reporting to inform decision-making.

A more accountable, transparent and outcome driven public sector will result in stronger and more resilient communities across Australia.

## **Current Membership – Community Council for Australia *Appendix 1***

**Access Australia's National Infertility Network**

**Adult Learning Australia**

**Alcohol, Tobacco and Other Drugs Association ACT**

**Arab Council Australia**

**Australian Community Support Organisation (ACSO)**

**Australian Council for International Development, Marc Purcell, CEO (CCA Board Director)**

**Australian Institute of Superannuation Trustees**

**Australian Major Performing Arts Group**

**Australian Research Alliance for Children and Youth**

**Australian Women Donors Network**

**Business Council of Cooperatives and Mutuals**

**Carers Australia**

**Centre for Social Impact**

**Church Communities Australia**

**Churches of Christ Vic and Tas**

**Community Based Support (Tas)**

**Community Broadcasting Association of Australia**

**Community Colleges Australia**

**Connecting Up**

**Ethical Jobs**

**Everyman**

**Foresters Community Finance**

**Foundation for Alcohol Research and Education**

**Foundation for Young Australians**

**Fragile X Association of Australia**

**Fundraising Institute of Australia**

**Good Samaritan Foundation**

**Good to Give**

**Hammondcare**

**Healthy Options Australia**

**Hillsong Church, George Aghajanian, CEO (CCA Board Director)**

**Justice Connect**

**Life Without Barriers, Claire Robbs, CEO (CCA Board Director)**

**Lock the Gate**

**Mater Foundation**

**Menslink**

**Mission Australia**

**Missions Interlink**

**Musica Viva Australia, Mary Jo Capps, CEO (CCA Board Director)**

**Non Profit Alliance**

**Our Community**

**OzHarvest**

**Painaustralia**

**Palliative Care Australia**

**Philanthropy Australia**

**Port Phillip Housing Association**

**Pro Bono Australia**

**Queensland Water & Land Carers**

**RSPCA Australia, Heather Neil, CEO (CCA Board Director)**

**SANE**

**SARRAH**

**Save the Children, Paul Ronalds, CEO (CCA Board Director)**

**Settlement Services International**

**Smith Family, Lisa O'Brien, CEO (CCA Board Director)**

**Social Ventures Australia**

**St John Ambulance**

**Starlight Foundation**

**Ted Noffs Foundation**

**The Lost Dogs' Home**

**Touched by Olivia**

**Variety Australia**

**Veterans Off the Streets Australia**

**Volunteering Australia**

**Wesley Mission, Keith Garner, CEO (CCA Board Director)**

**White Ribbon Australia**

**Work Place Giving Australia**

**World Vision, Tim Costello, Chief Advocate (Chair CCA Board)**

**World Wide Fund for Nature Australia**

**YMCA Australia**