



**Government
of South Australia**

Minister for Human Services

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Our ref: 18MCOR/0077
Your ref: 7128350

Ms Nat Cook
Member for Hurtle Vale
PO Box 158
WOODCROFT SA 5162

Sent by email: Tristan.rust@parliament.sa.gov.au

Dear Ms Cook,

Freedom of information application

I refer to your application under the *Freedom of Information Act 1991* (the Act), received by the Office of the Minister for Human Services on 12 October 2018 seeking access to:

Copies of any and all documents (including but not limited to physical and electronic material) regarding Ministerial agenda item "SANFRAG" from 29 May 2018.

Unfortunately, a determination was unable to be made within the 30 days, therefore it is considered to be a 'deemed refusal' under section 19(2)(b) of the Act. However, our office has continued to process your application outside of this timeframe. Section 19(2)(a) of the Act provides that an agency can release documents outside of the thirty-day timeframe, and this is still taken to be a determination under the Act.

Two documents have been identified as falling within the scope of your application and I have determined to release the documents in full.

Please find enclosed a copy of the documents, and a document schedule containing a brief description of the documents.

In accordance with the requirements of Premier and Cabinet Circular PC045, details of your FOI application, and the documents to which you are given access, may/will be published on the agency's disclosure log. A copy of PC045 can be found at <http://dpc.sa.gov.au/what-we-do/services-for-government/premier-and-cabinet-circulars>.

If you have any questions in relation to this matter, please contact Amanda Hockings, Office Manager, on telephone 8463 3388 or by email at amanda.hockings2@sa.gov.au. If you are dissatisfied with the outcome of your FOI application, you have the right to complain to the Ombudsman SA. Please contact the Ombudsman directly on (08) 8226 8699.

Yours sincerely



Amanda Hockings
ACCREDITED FOI OFFICER

31 / / / 2019

SCHEDULE OF DOCUMENTS –MCOR/0077

Freedom of information application from the Ms Nat Cook seeking access to *Copies of any and all documents (including but not limited to physical and electronic material) regarding Ministerial agenda item "SANFRAG" from 29 May 2018.*

No	Author	Addressee	Date	Description of document	Determination	Reason
1.	Department of Human Services		29 May 2018	Agenda Item	Released in Full	
2.	DPC			DPC Circular 044	Released in Full	



MINISTER FOR HUMAN SERVICES MEETING		
AGENDA ITEM		
TITLE OF PAPER:	South Australian Not-For-Profit Funding Rules and Guidelines	
MEETING DATE	29 / 05 / 2018	NOTING <input type="checkbox"/> DISCUSSION <input type="checkbox"/>
KEY POINTS	<ol style="list-style-type: none">1. The South Australian Not-For-Profit Funding Rules and Guidelines are a suite of reforms relating to the provision of funding to the Not for Profit sector2. Implementation commenced 1 July 2017 with <i>DPC044 South Australian Funding Policy for the NFP Sector</i>, the standardised indexation for funding agreements and the changes to the State Procurement Regulations coming into effect. Other work such as the updated Treasurers Instructions and new funding agreement templates are scheduled for implementation from 1 July 2018. DHS is working closely with the Department of Treasury and Finance and the sector to finalise and implement the reforms.	

Minister's Comments:

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BACKGROUND

- The South Australian Not-For-Profit Funding Rules and Guidelines (SANFRAG) are a suite of reforms relating to the provision of funding to the Not for Profit (NFP) sector which encompass:
 - New Premier and Cabinet Circular DPC044 – South Australian Funding Policy for the NFP Sector
 - Changes to the State Procurement Regulations 2005 to remove the exemption for community welfare funding from the definition of procurement operations in the State Procurement Act 2004
 - Changes to State Procurement Board policies to include procurement from the NFP sector
 - New NFP funding agreement templates developed by the Crown Solicitor's Office
 - New standardised indexation for funding agreements
 - Changes to Treasurers Instructions to ensure that all grants to the NFP sector use a Standard Grant Agreement and where the NFP Funded Services Agreement is used to procure services from the NFP sector, payments in advance will be allowed.

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- The scope of consultation has involved all NFP sectors including organisations in arts, environment, recreation and sport and the human services sector. Peak bodies SACOSS and Volunteering SA&NT have been key partners, working with Department of Human Services (DHS), Department of Treasury and Finance (DTF) and the Department of the Premier and Cabinet (DPC). These partnerships are continuing as the final stages of SANFRAG near completion.
- Implementation of SANFRAG commenced on 1 July 2017 with DPC044, the standardised indexation for funding agreements and the changes to the State Procurement Regulations coming into effect. Other work such as the updated Treasurers Instructions and new funding agreement templates are scheduled for implementation from 1 July 2018.
- DHS is working closely with the DTF and the NFP sector to finalise and implement the SANFRAG reforms.

DISCUSSION



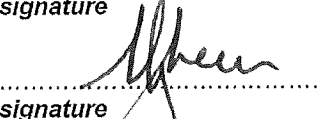
- DPC044 provides a consistent approach to all aspects of State Government funding, sets clear requirements for public authorities, reduces the administrative burden of NFPs and maintains their independence.
- DPC044 aims to support and strengthen collaborative partnerships between government and the NFP sector.
- DPC044 is based on best practice principles for government and NFP funding relationships, including:
 - robust planning and design
 - collaboration and partnership
 - proportionality
 - an outcomes orientation
 - achieving value with relevant money
 - governance and accountability
 - probity and transparency
 - community development principles.
- These principles provide a consistent approach to all aspects of State Government funding. In the practical application of these principles, key aspects require departments to:
 - co-design and consult on priorities, goals or defined outcomes being sought with the NFP sector
 - establish contractual agreements of three years plus three years plus three years (3 + 3 + 3) for all NFP procurements longer than two years where appropriate (i.e. where risk is low and there are no linked funding arrangements with the Commonwealth Government)
 - consider having an evaluation team member from the NFP sector when evaluating procurements where the majority of potential suppliers are from the NFP sector
 - openly communicate with contracted NFP organisations and work collaboratively, respectfully and flexibly to achieve agreed outcomes
 - provide a minimum of six months' notice regarding whether long term contracts are to be renewed
 - apply the Industry Participation Policy requirements
- The Community Services Division within DHS is taking a lead role to support other government departments to implement DPC044 across-government.
- A communication strategy for the implementation of DPC044 is currently being developed and is expected to be rolled out early June 2018. This will include communication to DHS Executive Leadership Team and DHS Strategic Procurement and Grants Committee as well as other agencies across-government.
- In addition, SACOSS and Volunteering SA&NT will be taking the lead to inform and support the non-government sector with the changes.

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FINANCIAL IMPLICATIONS - Nil

OPTIONS FOR CONSIDERATION - Nil

Division	Community Services		
Executive Director Community Services	Sue Wallace	 signature	27.5.18
Director Office of the Chief Executive	Nancy Rogers	 signature/...../.....
Chief Executive	Tony Harrison	 signature	23.5.18

ATTACHMENTS

1. DPC044 – South Australian Funding Policy for the Not for Profit Sector

Contact Officer:	Justine Kennedy, Director - Engagements and Grants, Community Services 8415 4365 / justine.kennedy@sa.gov.au
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**Government
of South Australia**

Department of the Premier and Cabinet Circular

**DPC CIRCULAR 044 - SOUTH AUSTRALIAN FUNDING POLICY FOR THE
NOT FOR PROFIT SECTOR**

1 July 2017

South Australian Funding Policy for the Not For Profit Sector

1. Overview

The South Australian Government recognises and values the important role that a strong and independent not-for-profit (NFP) sector plays in building community and culture, and in delivering services to improve the lives of South Australians. We know that the best outcomes for people and communities are achieved when we work in partnership with the NFP sector to plan and deliver activities and services.

The *South Australian Funding Policy (Policy)* aims to support and strengthen collaborative partnerships between government and the NFP sector. It provides a consistent approach to all aspects of funding, sets clear requirements for public authorities, and reduces the administrative burden on NFPs and maintains their independence. It also ensures that we capture learning and evidence that can be used to continually improve outcomes for South Australian communities.

2. Who Does This Apply To

The *Policy* applies to ongoing and one-off funding arrangements, including funding for services to the public authority directly, or to a third party, and grants that use a formal contractual agreement, regardless of dollar value.

The *Policy* applies to all public authorities that establish and manage the funding of service agreements and the provision and management of grants, and arrangements with the NFP sector, but does not include funding arrangements with schools, universities and churches. Nothing in the *Policy* prevents public authorities from adopting the *Policy* and supporting documents for other NFP funding arrangements.

The *Policy* must be read in conjunction with relevant Treasurer's Instructions, State Procurement Board policies and guidelines and other relevant legislation.

When funding programs where both the NFP sector and for-profit organisations have the ability to deliver the requirement, the aim will be to use a consistent approach as outlined above.

3. Principles

The *Policy* is based on best practice principles for government and NFP funding relationships, as outlined below.

Robust planning and design

- Robust planning and design supports efficient, effective, economical and ethical funding administration and is proportional to the scale and risk profile of the funding activity.
- Public authorities and the NFP sector work together when planning and developing funding strategies to ensure outcomes are based on evidence of community need.
- Planning is based on a rationale for the funding activity, and defines the expected outcomes and measures of success.
- Funding activity is designed to achieve value, accountability, probity and transparency.

Collaboration and partnership

- Public authorities and the NFP sector work collaboratively and flexibly to achieve shared outcomes.
- Wherever possible, public authorities need to choose methods that will promote open, transparent and equitable access to funds.
- Where appropriate, public authorities offer longer term contracts (three years plus three years plus three years) to enable strong, ongoing relationships.
- Positive working relationships are maintained through effective collaboration that supports the needs and interests of NFP organisations and funding recipients.

Proportionality

- Processes are as simple as practicable whilst still being robust and accountable.
- Balance is maintained between managing the complexity of a funding activity and the risk for the NFP sector, recipients and the South Australian Government.
- The volume, detail and frequency of reporting requirements are proportional to the risks involved and policy outcomes being sought.

An outcomes orientation

- Outcomes are clearly defined and include quantitative, qualitative and milestone information that is realistic about what the funding is intended to achieve, both for beneficiaries and with regard to policy objectives.
- Outcomes should be reviewed regularly and whenever changes are made to the funding activity.

Achieving value with relevant money

- Government and the NFP sector work together to achieve value for the South Australian community.
- Value is achieved by establishing ongoing, joint monitoring arrangements throughout the life of the funding arrangement.
- Value considers both cost and non-cost factors and promotes proper use and management of public resources.
- Value demands standardised, efficient and effective funding processes across government that do not impose burdensome requirements on the NFP sector.

Governance and accountability

- Clear governance and accountability is demonstrated for all aspects of the funding process (planning, selection/allocation and management) for both government and the NFP sector.
- Staff involved in developing or managing funding activities have the necessary skills, knowledge and experience.
- Good record keeping informs better decision making and compliance with accountability obligations.
- Processes minimise red tape and duplication and ensure consistency across all public authorities.
- Public authorities support contracts through ongoing communication, active contract management and performance monitoring commensurate with the risks involved.

Probity and transparency

- Funding activities meet legislative and policy obligations.
- Probity and transparency are achieved through funding decisions that are impartial, appropriately documented, publicly defensible and lawful.
- Appropriate mechanisms are in place to identify and manage potential conflicts of interest for funding activities.
- A transparent and systematic application and selection process enhances government, NFP sector and public confidence in the funding activity outcomes and contract administration processes.

Community development principles

- Public authorities consider the desired impact or change they are seeking to achieve within the community.
- Funding activities are advanced only where the desired impact or change will improve outcomes for South Australia.
- Where possible, and particularly in relation to health and community services, funding should reflect a community development approach which builds resilience in the community and the capacity to respond to change

and crisis and empowers individuals in the process of development and service delivery.

4. Dispute Resolution

A NFP organisation that has a complaint against a public authority regarding compliance with the *Policy* should, in the first instance, raise the complaint with the public authority. If the complaint relates to a procurement by the public authority, then the State Procurement Board's Supplier Complaints Policy applies.

If the Supplier Complaints Policy does not apply and the NFP organisation is not satisfied with the response of public authority to a complaint, then the NFP organisation can seek a review by the Department of Treasury and Finance.

5. Review and Amendment

Volunteering SA&NT, the South Australian Council of Social Service, the Conservation Council of SA, Sport SA, or the Arts Industry Council of SA (the peak groups) or other NFP sector representative organisations may at any time provide recommendations for a review of the *Policy* or provide specific recommendations for change to the South Australian Government.

The South Australian Government may initiate, from time to time, a review of the *Policy*. The South Australian Government will engage as early as possible with the NFP sector, including, as a minimum, the peak groups.

Prior to considering changes to the *Policy*, the South Australian Government will consult on the specific changes proposed with the NFP sector, including, as a minimum, the peak groups. If the proposed changes proceed to formal recommendations to Cabinet for change to the *Policy*, then the outcomes of the consultation will be provided alongside the change proposal to Cabinet for decision.

6. Definitions

Funding means any payments made by the government to an NFP organisation related to a contract, grant or other agreement in relation to funding of that NFP organisation.

A **not-for-profit** is an organisation that does not operate for the profit, personal gain or other benefit of particular people. *Not-for-profit organisations* consist of two broad categories¹:

- Charities, which will usually² be registered with the Australian Charities and Not-for-profits Commission (charities can be further broken down into the

¹ <https://www.ato.gov.au/Non-profit/Getting-started/Types-of-not-for-profit-organisations/>

following types: public benevolent institutions, health promotion charities and other charities)

- other types of not-for-profit organisations such as community service organisations, professional and business associations, sporting and recreational clubs and cultural and social societies.

7. Policy Framework

In the South Australian Government, accountability for funding activities and outcomes rests with public authority chief executives, who are required to operate and comply with relevant State Procurement Board policies and guidelines and Treasurer's Instructions.

Funding activities, whether funding of services or administering a grant, require a consistent approach, including:

- appropriate and robust planning, proportional to the scale and risk profile of the funding activity
- clearly defined and transparent selection or application processes in accordance with good probity practices
- sound management and reporting frameworks that deliver value.

The South Australian Government provides comprehensive guidance via a range of Treasurer's Instructions and State Procurement Board policies and guidelines for public authorities to manage funding activities. The Policy Framework consists of:

- Treasurer's Instruction 15 - Grants
- State Procurement Board policies and guidelines

A range of templates and standard contract documents have been developed by the Department of Treasury and Finance and the Crown Solicitor's Office, in consultation with the NFP sector, to ensure a consistent approach across government, and to simplify processes for the NFP sector and government.

Changes to these policies, guidelines and templates should only be made after consultation with the NFP sector as per clause 5 above.

For further advice or assistance please contact:

Janet Haydon
Director, Capacity Building
Community Services
Ph: 8415 4202

² Charities must be registered with the ACNC if they are to utilise federal tax concessions, but charities may operate outside of the ACNC and in SA are covered by the South Australian *Collection for Charitable Purposes Act*.