

# **Premier and Cabinet Circular**

**PC 044 – SOUTH AUSTRALIAN FUNDING POLICY FOR THE NOT FOR  
PROFIT SECTOR**



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## 1. Introduction

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.

This section also applies to Cabinet documents of a former government of the same political persuasion as the current government.

## **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 categories<sup>1</sup>:

- Charities, which will usually<sup>2</sup> be registered with the Australian Charities and Not-for-profits Commission (charities can be further broken down into the 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.

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

<sup>2</sup> 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*.

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.

Review of this circular is due every 5 years from 1 July 2017.

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

## 8. Document Control

Review number: 1  
Review date: 1 July 2022

Date of approval: 1 July 2017  
Next review date: -

## 9. For more information

Department of Treasury and Finance  
T: 8226 9500

E: [APD@sa.gov.au](mailto:APD@sa.gov.au)  
W: [dpc.sa.gov.au/resources-and-publications/premier-and-cabinet-circulars](http://dpc.sa.gov.au/resources-and-publications/premier-and-cabinet-circulars)