



Mental Health
Coordinating Council

**Submission III
Senate Community Affairs Committee
Inquiry into Mental Health Services in Australia
August 2008**



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MHCC thank the Senate Community Affairs Committee for inviting us to present a further submission. Following on from two submissions in August 2007 and May 2008 to the Inquiry into Mental Health Services in Australia, and a presentation to the committee in the NSW Parliament on 27 March, 2008, MHCC agreed to submit further comments regarding NGO Tendering Processes for the committee's consideration at a later date.

During the intervening period, we researched the available evidence from Australia and overseas and consulted the sector. One of the more recent papers found on Tendering Processes in NSW is from the Council for Social Service of NSW (NCOSS) published in July 2006. MHCC thoroughly endorse this eminently clear and concise paper, which offers a rationale for the preferred models for funding. It was developed in the context of good funding policy and practice within the framework of *Working Together for NSW*, an agreement between the government and community sector in NSW. Whilst the paper primarily addresses state issues, the sentiments and proposed recommendations for collaborative practice provide a good basis for planning and application nationally. Rather than rewrite a very similar paper, MHCC attach this document as Appendix I, proposing that it will ably assist the committee in getting a picture of the sector's views. As a consequence, in our submission, we seek only to present a broad overview containing some specific feedback from consultations and research.

Overview

MHCC congratulate the Commonwealth on the COAG initiatives that set out to provide a range of services to address the gaps in the mental health system, both state and federally. However, whilst we fully support these initiatives, we propose that at the program planning level tendering models need to be developed that enable state and federal governments to be more mutually in partnership with each other, and across various departments.

In a range of reports and commentaries on community sector organisations, a reoccurring theme has been a concern for the ongoing financial viability of small / medium NGOs in the face of a number of changes and pressures in their environment. Factors regularly cited as affecting the sustainability of small/ medium NGOs include: insufficient government funding; rising costs; increased compliance and accountability costs; and the impact of government funding policies, particularly the move to a contractual framework for government funding.¹ Historically NGOs were able to present a rationale for often unique models of service delivery providing for the specific needs of the local environment. On that basis, provided stated outcomes were met, funding was generally ongoing. Current processes require an organisation to tender to deliver services specifically identified by government that are regimented, and require rigorous adherence to KPIs for example.

¹ Bradfield Nyland (2004). *Waving not drowning: Staying afloat as a small NGO*. Available: http://www.cnet.ngo.net.au/dmdocuments/Summary_Document_for_SNOW_.doc

The long term effect of this approach will be a loss of responsiveness to the changing needs of the community served by the NGO. We suggest that a mix of approaches is required enabling NGOs to retain the capacity to be flexible and innovative.

Under the common contracted services model, NGOs are trying to do 'more with less', and frequently fail to keep up with burgeoning administrative and accountability requirements for which no extra funding has been allocated. Much of what they must do to ensure infrastructure development, including ongoing quality processes falls outside the services purchased.

The growing tension between the time required to service increasingly complex and demanding government contractual obligations, and delivery of services to clients has escalated, exacerbated by the efforts necessary to compete under competitive tendering or grant application processes.

Value of the NGO sector

The mental health NGO sector provides a broad range of front line health services, ranging from treatment to prevention and early intervention services; information; education; support; social connection and advocacy. The sector is extremely diverse, reflecting the wide range of community mental health needs. The sector is ideally placed to provide comprehensive community-based support for consumers and carers, where the emphasis is on planned, coordinated care and a personalisation of services to meet need, and that focuses on social inclusion and the active involvement of people in their recovery. These services are a vital component of the mental health service sector, and in many cases provide core services which historically have not been, or are likely to be provided by the public sector in the future.

The mental health NGO sector has a broad range of strengths that include the ability to provide cost effective service delivery. NGOs are very skilled in mobilising community resources, and provide services at a significantly lower cost than mainstream providers; and they tend to be flexible, creative and responsive to local need. NGOs are characteristically managed by pro-bono management committees providing expertise and advice in specific areas of service delivery. The sector, despite being in competition with better paid sectors of employment attracts highly skilled and well qualified professionals working across a range of disciplines.

Tender Processes

It is critical that to manage tenders, processes are developed that are transparent and minimise risk of compromising relationships between the parties. The New Zealand Treasury in their *Guidelines for Contracting with Non-Government Organisations*² propose that a number of steps can be taken including: identifying advanced criteria for evaluation; allowing enough time for bidders to undertake steps necessary; make clear whether the lowest or other tenders will necessarily be accepted; and preferably to provide a fixed price so that NGOs can articulate the added value they bring rather than focusing on streamlining bids.

² <http://treasury.gov.nz/publications/guidance/finmgmt-reporting/ngo/22.htm>

Problems have been identified surrounding the open tender process for NGOs under COAG, which frequently favour large organisations with a capacity to provide professional tender applications, as opposed to recognising that some smaller organisations may have important local connections and knowledge and may be better placed to provide appropriate services within specific regions, but have less impressive tender writing skills and are therefore excluded.

Summary

In developing an engagement strategy between government and NGOs several issues need to be addressed. In the first instance there is a need for governments to understand the nature and role of NGOs in society, and be aware of the diversity and unique characteristics that they have developed in order to respond to local need.

Only through meaningful consultation throughout planning and tendering processes will effective collaboration and successful implementation occur. Likewise, inadequate planning for implementation, leading to inefficient and unclear processes may result in uncertainty and negative outcomes for consumers, carers, the organisations and the workforce.³

Governments need to be sensitive to time frames allocated for tendering, and to delays in notification regarding applications that do not take into account smaller organisations' capacity to undertake tender applications in short time-frames. They need to be aware that many NGOs frequently run on an "oily rag", and that there is no fall-back position available to them.

The impact of such practices may result in problems such as: an inability to plan for the future and operate in creative and flexible ways; secure ongoing tenure of premises and maintain workforce security; and erosion to the relationship between government and the NGO sector, leading them to assume that their work is undervalued. The importance of establishing strong relationships, at first base, through consultation, is crucial.

MHCC thank the Senate Committee for their interest in these matters and have endeavoured to provide clarity to the issues raised by the Committee on 27 March, 2008. In the event that the Committee would like further information or to discuss other matters, we are happy to provide any additional material. For further information please contact Corinne Henderson, Senior Policy Officer at corinne@mhcc.org.au or telephone: 02 9555 8388 ext 101.

MHCC thank the committee for their time and look forward to the outcome of their findings.

Appendix I

Attached to email.

NCOSS (2006). Working Together for NSW: Good funding Policy and Practice.

Available:

<http://www.ncoss.org.au/hot/compact/Working-Together-good-funding-jul06.pdf>

³ Qld Alliance (2004). *Report on Member Feedback on Tender Process for NGO Mental Health Services.*