



**LEGISLATIVE ASSEMBLY**  
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STANDING COMMITTEE ON PUBLIC ACCOUNTS

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# Submission Cover Sheet

## Inquiry into Grants Management

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The Committee Secretary  
Standing Committee on Public Accounts  
ACT Legislative Assembly  
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## **Inquiry into Grants Management**

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## Introduction

The Alcohol, Tobacco and Other Drug Association ACT (ATODA) represents the alcohol, tobacco and other drug (ATOD) sector in the ACT. Members include specialist alcohol and other drug treatment organisations; distinguished drug experts with deep knowledge of the criminal justice system and population health; the group representing families and friends who have lost loved ones to drugs; and the peer-based organisation for people with lived experience of drug use in the ACT.

ATODA welcomes this Inquiry and its Terms of Reference. Given ATODA's remit and our sector's particular areas of expertise, this submission makes a number of recommendations regarding the following items from the Terms of Reference:

- *Item 1) the range and availability of funding for grants programs; and*
- *Item 3) the measures necessary to ensure the integrity of grants schemes and public confidence in the allocation of public money.*

ATODA notes that in relation to *Item 2) the manner in which grants are determined*, the ATOD sector is currently progressing through a commissioning process for the first time, and being midway through the process it would not be appropriate to provide feedback on the commissioning process at this time. Many sectors are either partway through or just starting the commissioning process, and so it is ATODA's view that it is not yet appropriate to have an Inquiry into the commissioning process. However ATODA would welcome an opportunity to do so in the future and would encourage the Standing Committee on Public Accounts to consider whether there is a need for an Inquiry into the ACT Government's new approach into commissioning at an appropriate time when organisations involved will be in a position to provide helpful feedback to the Committee.

Please note that ATODA's commentary is limited to grants in the health and social services sectors for the delivery of services to individuals. Currently, the ACT Government grant procurement and management processes do not appear to differentiate between non-profit NGOs which provide ongoing services to the ACT community and for-profit providers undertaking one-off contracts. The former group is an essential component of, and inexorably interwoven within, the ACT's system of health and community supports. NGO providers often have multiple grants for multiple services, and the relationships between the NGOs and Government are, or should be, highly collaborative. Further, NGOs typically collaborate extensively with each other. For instance, treatment pathways for ATOD services often involve multiple providers. This means that a whole treatment ecosystem is disrupted if even a single program is no longer funded or changes providers. While this is in some cases warranted, the true cost in terms of taxpayer dollars and disruptions to treatment journeys is not adequately assessed by examining a program in isolation. Additionally, current providers of some services, such as ATOD services, have a significant advantage over other organisations when they have a reputation for quality within their target population. One of the greatest barriers to aiding potential clients is attracting them to services. This is because of past experiences of stigma and discrimination as well as poor past experiences with service systems more broadly. One result of all of these characteristics is that the benefits of long and stable grant periods are substantial in the NGO health and community service space.

In summary, grants to the non-profit NGO health and community sector have different sets of risks and opportunities than procurement and management of single projects from for-profit

providers. There is scope to consider whether greater differentiation of grants procurement and management processes for NGOs delivering important community services could be differentiated.

### **Item 1) the range and availability of funding for grants programs**

The range of funding programs available should be co-designed with the community and relevant stakeholders. The ACT benefits from a strong and collegiate NGO service sector that supports the ACT Government in achieving increased wellbeing for the community as described in the ACT Wellbeing Framework.<sup>1</sup> There are opportunities to build on this relationship in order to improve decision-making around the range and availability of funding for relevant grants programs in the ACT.

The determination of appropriate availability of funding for different sectors can be an opaque process for the community, with little information shared with stakeholders about why funding buckets are what they are. Greater transparency about how funding allocations are determined would support stakeholders to more effectively work with the ACT Government and to provide Government with the most relevant information to inform funding. Where possible, the ACT community and health sectors are proactive in considering needs and funding requirements, for example the ATOD sector provided extensive input into the recent Drug and Alcohol Service Planning Modelling (DASPM) of the ACT's ATOD service system, which indicated up to 4,750 more people annually require treatment than are currently being treated through existing services, and an investment gap of approximately \$24 million per annum.<sup>2</sup> It is important to note that this is an underestimate as the DASPM accounts for only 93% of treatment presentations (as it is restricted to four drug classes);<sup>2</sup> assumes treatment for only 47% of those people who meet the criteria for dependence;<sup>2</sup> and was undertaken before the most recent population numbers for Canberra were published by the Australian Bureau of Statistics, which indicated an undercount of approximately 20,000 persons.<sup>3</sup> While there was been a recent budget announcement from the ACT,<sup>4</sup> a significant investment gap remains and further investment is required to ensure a sustainable and accessible specialist ATOD sector in the ACT.<sup>5</sup> The resulting report contains highly relevant data and stakeholder input for Government in determining available funding, both with regards to quantum of funding and program type. It is notable that nothing like this critical work was available to inform Government decision making at the ACT level when the last round of grants was made. Additionally, this essential work was funded by the Capital Health Network and undertaken by ATODA and UNSW. In short, there is scope for the ACT Government to more consistently develop and make publicly available information on which it bases its funding decisions, and increase the transparency with which the information is used to make decisions about the appropriate amounts of funding for different sectors.

The availability of funding could also be informed by return on investment (ROI) considerations, where there is transparent engagement with relevant stakeholders about how ROIs are calculated. For example, recent analysis from the Australian Institute of Criminology found that on average demand reduction programs, including specialist ATOD treatment services, provide a return on investment of \$5.40 (AUD) for every dollar spent.<sup>6</sup> Other studies have found similarly favourable cost-effective ratios across ATOD treatment services and harm reduction programs.<sup>7-9</sup> However it is unclear as to how relevant cost ratios inform the ACT Government's determination of available funding.

### Item 3) the measures necessary to ensure the integrity of grants schemes and public confidence in the allocation of public money

A key aspect of public confidence in the allocation of public money is the management of allocated funds, after the allocation of the funds. Given the experience of the ATOD sector in recent years, ATODA makes the following observations:

- **Flexibility:** The experience of the COVID-19 pandemic has demonstrated the need for embedded flexibility within grants for services. ATODA notes the positive experience of the ATOD sector in receiving additional ACT Government funding for measures including expanding services to meet surging need, support worker wellbeing and delivery technologically enhanced services. Despite this, there was still scope for additional flexibility. For example in order to comply with ACT Government public health orders, ATOD services incurred significant additional costs in purchasing COVID-19 rapid antigen tests (RATs), and some sectors such as the disability sector were fully reimbursed for the cost of RATs and others like the ATOD sector were not, with insufficient transparency around how those determinations were made. The COVID-19 experience also highlighted the need for agile responses to service delivery challenges. It is notable that the ATOD sector's collaborative partnership with the ACT Government to address these challenges was highlighted as a model to be shared with the broader NGO sector.<sup>10</sup>
- **Proactive engagement:** Proactive engagement between funded ATOD providers and the ACT Health Directorate facilitated effective multi-agency, multi-disciplinary models of care to support the Canberra community during the COVID-19 pandemic.<sup>11</sup> There have been different experiences between directorates and teams, which highlights that proactive engagement between grant managers and grantees to mitigate risks and take advantage of opportunities as they arise may be reliant on individual proactive public servants rather than embedded government processes.
- **Co-developed reporting requirements:** Reporting requirements should be co-developed between grantees and the responsible directorate, to ensure that reporting is not overly burdensome on grantees and appropriately meets both the grantee's and the ACT Government's needs. The chief aim of reporting should be ensuring that grant recipients have delivered against their grants. Given that such reporting is often a significant impost on organisations, other potential uses for the data should be deprioritised, with Government considering other ways of collecting data required for other purposes.

### Recommendations

ATODA recommends that the ACT Government:

- Seek input from stakeholders on the ACT Government's new commissioning process at an appropriate time;
- Consider whether greater differentiation of grants procurement and management processes for NGOs delivering important community services from grants procurement and management of for-profit commercial and other services is warranted;
- Engage with stakeholders on the decision-making process on the range and availability of funding for grants programs;

- Be transparent around what information is taken into account and what information is not in determining the availability of funding;
- Embed flexible and proactive grants management processes across all ACT Government directorates; and
- Co-develop reporting requirements with grantees to ensure both parties' needs are appropriately met, noting the primary aim of reporting to ensure grant recipients have delivered against their grants.

ATODA appreciates the opportunity to provide this submission to the Committee, and is available to provide any additional detail that may be required.

### **About ATODA**

ATODA is the peak body for the alcohol, tobacco and other drug (ATOD) sector in the ACT. Its purpose is to lead and influence positive outcomes in policy, practice and research by providing collaborative leadership for intersectoral action on the social determinants of harmful drug use, and on societal responses to drug use and to people who use drugs.

ATODA's vision is a healthy, well and safe ACT community with the lowest possible levels of alcohol, tobacco and other drug related harms. Underpinning ATODA's work is a commitment to health equity, the social and cultural determinants of health, and the values of collaboration, participation, diversity, respect for human rights, social justice and reconciliation between Aboriginal and Torres Strait Islander people and other Australians.

Note: While the term AOD (alcohol and other drug) is commonly used to refer to the alcohol, tobacco and other drug sector, ATODA's preference is to use the term ATOD. This acknowledges the role that specialist service providers in this sector play in providing tobacco cessation support, and because tobacco use is the leading preventable cause of the burden of disease in Australia, contributing far more than alcohol or all illicit drugs combined.

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