



Council of Social Service of New South Wales

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NSW Health NGO Grants Program Update on Issues

Indexation payments to NSW Health funded NGOs (08/09)

Minister Della Bosca's office has advised of the resolution in relation to Indexation to the NSW Health NGO Grants Program:

1. That the allocation of 3.3% indexation to NGOs 'Covered by the SACS award' and 2.5% indexation to all other NGOs will be maintained.
2. That indexation payments will be made in November.
3. That they are supportive of reviewing the administrative and compliance burden on NGOs.
4. That they would work to ensure a more consistent approach to NGO Indexation in advance of the next budget.

NCOSS welcomes the prompt allocation of indexation payments to NGOs. NCOSS had previously raised with NSW Health concerns that late Indexation payments compromised the financial and planning functions of NGOs, and left them carrying the burden of increased operational costs for significant periods of time until indexation payments were made.

However, NCOSS maintains our position that NSW Health should have taken a consistent approach with all other NSW government departments and awarded 3.3% indexation to all NGOs. We are particularly disappointed that this will result in a lower level of indexation to Aboriginal Medical Services, who do not employ staff under the SACS award. NCOSS has also had a number of phone calls from NGOs who have reported that they have staff employed under other health awards. We find it particularly disappointing that health services employing health staff under a health award will receive a lower rate of indexation.

NCOSS looks forward to working with the Minister's office to ensure a more equitable and consistent approach to Indexation for NGOs is taken in the future.

NSW Mini-Budget

On the 11th November the NSW Government delivered the mini-budget.

The papers for health include a measure: *Reform grants to non Government organisations through efficiencies and limiting new agreements.*

Estimates indicate that over three years \$11m will be cut from the NSW Health NGO Grants Program (\$2.5m in 2009-10, \$3.5m in 2010-11 and \$5m in 2011-12.) Funding to NGOs for the 07/08 financial year was \$118.1m.

The NGO Grants program provides for the delivery of a range of health services, including mental health, Aboriginal health, drug and alcohol services, women's health centres, sexual and reproductive health services, services for people with HIV, hepatitis C and a range of other health promotion. As such, a cut in the NGO Grants Program budget is likely to lead to a direct cut in

health services to the most disadvantaged groups, and exacerbate health gaps between these groups and the rest of the community.

It is not yet clear how these cuts will be implemented, but the Minister's office has indicated that some funding contracts may not be renewed when they expire, and that some 'efficiency savings' could be made by streamlining the grants.

NGOs generally run very tight budgets, do not have significant or broad administrative or infrastructure bases, and are generally a more efficient and effective way of delivery some types of services, including some health services. As such, it is very difficult for NCOSS to see the logic in applying efficiency savings to NGOs.

Whilst NCOSS is supportive of moves to create better coordination of NGO grants to remove unnecessary and burdensome reporting and administration requirements, our position has been (and continues to be) that the increase in compliance and reporting requirements over time has taken away from NGOs capacity to deliver the services they have been contracted to provide. This has been exacerbated by the fact that increasing grants administration requirements have not been met with an increase in funding, and in many cases inadequate indexation has been applied to NGO programs, which has led to a decrease in NGO grants in real terms.

As such, the need to review compliance and reporting of NGOs is about creating efficiencies within administrative functions so that service delivery levels can be maintained. NCOSS has significant concerns that under the Mini-budget framework, the service delivery capacity of NGOs is lost as a funding cut to the NGO Grants Program.

NCOSS and the Minister's office will be meeting to discuss this issue further in the near future. We will provide more information as it is available.

Further Action

It is important that the Minister for Health understands the implications of a cut of this size to the NSW Health NGO Grants Program. There are a number of simple actions that can be taken to ensure that the ramifications of this decision are fully understood:

1. If you are an NGO funded by NSW Health, NCOSS would urge you to write or call the Minister with your concerns about how a funding cut would affect your service. Contact details are:
The Hon. John Della Bosca,
Level 30 Governor Macquarie Tower,
1 Farrer Place,
Sydney NSW 2000
Phone (02) 9228 4777
2. Each cut to the budget of an NGO has consequent effects on the services available within particular areas. NCOSS would encourage you to raise concerns about the impact of these changes with the relevant State Member and request that they seek an explanation from the Minister for Health. Contact details for all Legislative Assembly Members by electorate are available from the NSW Parliament website:
<http://www.parliament.nsw.gov.au/prod/parlament/members.nsf/V3ListCurrentLAMembers?open&vwCurr=CurrLAByElectorate>
3. The people who bear the brunt of funding to NGOs are the clients of these services. In the case of NGOs, clients are often some of the most marginalized members of the community, and it is their voices that are often not heard on these issues. It may be worth your service giving consideration to raising this issue amongst your clients, and encouraging and supporting them to contact both the Minister for Health and the Member for the electorate to communicate their concerns about what a cut in services would mean. The nature of

services provided by NGOs can be sensitive, and careful consideration should be given to whether this is an appropriate action for your client group and service.

4. Contact your local newspaper and encourage them to write an article on what this might mean for services in your area.

More Information

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