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# Not-for-profit sector funding and contracting

26 Feb  
2013

- **Human Services Peaks/Partnership Forum**

“The Forum is to examine ways to reduce red tape and administrative burdens relating to government contracting and funding processes. This could include... streamlining multiple departmental contracts into a more consolidated approach such as a single government contract.”

**Premier Weatherill**

1 July  
2017

- **Funding Policy for the NfP Sector (PC044)**

- Approved by Cabinet and comes into effect across government

1 July  
2017

- **Mandatory Indexation for multi-year agreements**

- Approved by Cabinet and mandatory indexation at set levels applies to all multi-year agreements

1 Jan  
2019

- **Simplified, standard funding agreements mandated for use by all public authorities**

- Approved by Cabinet and agreements come into effect



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# Not-for-profit sector funding and contracting

The screenshot shows a web browser window with the URL <https://www.treasury.sa.gov.au/Our-services>. The page header includes the Government of South Australia logo and the text 'Department of Treasury and Finance'. A search bar and a menu icon are also visible. The main content area is titled 'Our services' and contains a grid of eight service cards. The card for 'Not-for-profit sector funding and contracting' is circled in red.

| Unclaimed money  | Industrial Relations  | Freedom of Information (FOI)   | Proactive disclosure   |
|--|---|--|--|
| Unclaimed money held by the Department of Treasury and Finance (DTF) is deposited by businesses, government agencies, local...   | Our industrial relations team works with agencies to achieve fair, equitable and productive workplaces. They develop and interpret... | The Freedom of Information Act 1991 (FOI Act) gives members of the public a legally enforceable right to...                | The South Australian Government has decided to make available more government held information to members of the public... |
| <a href="#">Find out more</a>  | <a href="#">Find out more</a>   | <a href="#">Find out more</a>  | <a href="#">Find out more</a>  |
| Not-for-profit sector funding and contracting  | Services for Business and the community   | Strategic Procurement  | Tender Process for Government Projects   |
| Not-for-profit sector funding and contracts have been simplified. The Government has approved a number of changes designed to... | Our Shared Services SA division is responsible for processing invoices and making payments to vendors on behalf of...                 | Our Strategic Procurement team manages a range of whole-of-government contracts for goods and services on behalf of all... | Our Strategic Procurement team manages a range of whole-of-government contracts for goods and services on behalf of all... |
| <a href="#">Find out more</a>  | <a href="#">Find out more</a>   | <a href="#">Find out more</a>  | <a href="#">Find out more</a>  |



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# Overarching Policy

Department of the Premier and Cabinet Circular

[DPC CIRCULAR 044](#)

[SOUTH AUSTRALIAN FUNDING POLICY FOR THE NOT  
FOR PROFIT SECTOR](#)

The Government has approved a number of changes designed to simplify funding agreements, mandate the use of standardised indexation and adopt the principles of Premiers Circular PC044 South Australian Funding Policy for the Not for Profit Sector.



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# PC044 Policy & Principles

The Policy applies to ongoing and one-off funding, 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 is based on 8 best practice principles for government and NFP funding relationships.

- 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



# Not-for-profit sector funding and contracting

The screenshot shows a web browser window with the URL [www.spb.sa.gov.au/content/policies-guides/procurement-process](http://www.spb.sa.gov.au/content/policies-guides/procurement-process). The page header includes the Government of South Australia logo and the State Procurement Board name. A navigation menu at the top lists: Home, The Board, Policies & Guides, Information for Suppliers, Contracts, Capability Development, News & Publications, and Contact Us. The main content area is titled "Procurement Process" and contains the following text:

**Is this a procurement?**

Prior to commencing a procurement process, public authorities need to ensure that a contracting arrangement is a procurement, and not a grant or a construction project. The following documents are available to assist with this determination:

- Click [here](#) for the *User Guide: Procurement Operation or Grants*.
- Click [here](#) for the *Goods and Services or Construction Checklist*.

**Procurements valued up to and including \$550,000 (simple procurements)**

Click [here](#) for the process and policy requirements for simple procurements.

**Procurements valued greater than \$550,000**

Click [here](#) for the process and policy requirements for procurements valued greater than \$550,000.

**Disposals**

Click [here](#) for policy requirements regarding the disposal of surplus goods, including the disposal process and methods of disposal.



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# PROCUREMENT vs GRANT

## Procurement operations: State Procurement Act

- (a) the procurement of goods or services required by the authority for its operations, including (without limitation) the procurement of:
  - (i) a supply of electricity, gas or any other form of energy; or
  - (ii) intellectual property; or
- (b) the management of goods of the authority, including (without limitation) the care, custody, storage, inspection, stocktaking or distribution of goods of the authority; or
- (c) the management of the authority's contracts for services; or
- (d) the disposal of goods surplus to the authority's requirements, but does not include operations excluded from this definition by the regulations.



# PROCUREMENT vs GRANT

Grants as defined in Treasurer's Instruction 15 are excluded from the definition of procurement operations via the State Procurement Act regulations.

## **Grants: Treasurers Instruction #15**

- (1) the provision of funding to a third party is classified as a grant if it falls within the ambit of subclause (2).
- (2) Funding falls within the ambit of this subclause if —
  - (a) it constitutes expenditure by a public authority to assist or support a third party in the conduct of its undertaking;  
and
  - (b) the benefits on account of that expenditure do not flow, or do not predominantly flow, to the public authority.





# PROCUREMENT vs GRANT

“When determining if the funding is a grant or a procurement operation, a key consideration is determining **if the expenditure is for the public authority’s own undertaking or for the undertaking of the recipient.**”





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Thank You – Over to Greg...