

## **Legislative Assembly**

Tuesday, 31 May 2011

---

### **ESTIMATES COMMITTEES A AND B**

#### **ESTIMATES COMMITTEE A**

**Dr M.D. NAHAN:** One issue that other states have had when contracting out services to non-profit organisations is often the non-profit organisations spring from self-help groups and sometimes struggle to adjust to being long-term service providers; that is, they struggle to develop governance systems, staffing and continuity. In some instances it has created instability in the long-term provision of essential services. Will the second tranche of activities the Premier plans focus on trying to address some of those governance and institutional issues?

**Mr C.J. BARNETT:** Yes, it will be. We do not wish to be overpowering to these organisations or to in any way take away their creativity or ability to deal with unique situations, whether it be in a particular suburb or town. However, for smaller organisations receiving smaller payments from government, obviously the proportion of administration costs and compliance costs is higher.

One of the things we hope will come out of the reform is that there may be some merging of organisations. If they do not merge totally, maybe they merge their accountability process or engage one of the larger agencies to do it on their behalf. I think that is probably a good model. One of the bigger organisations might look after administration and compliance, or look after smaller specialist organisations that work in a similar area.

In many senses, the 15 per cent increase from 1 July, although it is a vast amount of money, was a relatively simple process. That reform and improvement in relations and contracts is the real work. That work is underway now.