

Changing relationships: How government funding models impact relationships between organisations

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The new discourse of partnership, integration, and networks as new forms of governance is being widely adopted (Edwards 2001). Authors differ on the extent to which there is evidence of truly new ways of working. However there is potential for changed relationships between public sector organisations and non government organisation's (NGOs) as well as relationships between NGOs as a result of new arrangements for service provision. The Australian government's *Communities for Children* strategy provides an illustration of the challenges for both public sector and NGOs which arise when NGOs become funders for government of other government agencies and of other NGOs.

In 2004, NGOs in seven locations in Australia were invited to accept additional funding (\$3-4 million per organisation) under a new program, *Communities for Children* (DFaCSIA 2006). This program requires the funded lead agency to work with local stakeholders in disadvantaged areas and sub-contract them to deliver services to meet an action plan, developed with the community, which identifies needs and outcomes. Sub-contracted agencies may include both NGOs and government agencies, and there is a cap on the proportion of service delivery that the lead agency itself can provide. The funded lead agency is accountable to the Commonwealth for both the funding and the outcomes achieved. Forty four sites in total have now been selected for four- year funding and local NGOs contracted, after a tendering process, to act as the 'Facilitating Partner'. Contracted agencies, whether government or NGO, are referred to as 'Community Partners'.

Facilitating Partners are required to undertake a number of new roles including contract management and mediation/translation between the federal funding agency and the community partners. This project aims to identify the policy and management implications for NGOs whose role is extended in this way and to identify lessons for the future. The project adopts qualitative methodology using in-depth interviews and focus groups with partners to explore fears and expectations about relationships and experiences of relationships at different stages of the contract management process. Kramer and Grossman's (1987) five stages of contracting are used as a guide to the critical points of relationship change: requesting proposals; rating and selecting providers; drafting, negotiating, and processing agreements; monitoring and evaluating performance; and renewing or terminating agreements. Relationships are considered through examinations of partnership developmental phases (Gray 1985; O'Looney 1994); a sense of continuum from non-participation and passivity to active participation in all aspects of decision-making (Arnstein 1969; Arthur, Beecher, Dockett, Farmer and Death 2002); and intensity of collaboration from low resource sharing activities to high investment activities (Himmelman 1996; Mutch, 2006).

While promoted as a partnership or collaborative model the *Communities for Children* program as a whole is a prescriptive initiative within which the problem has been predefined at the macro-level, the initiative structures and processes have been pre-established and the local community is asked to participate in the implementation phase. This phase involves local-level decision-making on strategies, initiatives and funding of services. This paper acknowledges the constraints of partnership building within the *Communities for Children* particularly the pre-established structuring arrangements. This is not to preclude the potential for and emerging reality of significant partnership development within these constraints.

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