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Human Rights
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2010

Guidelines for cost recovery and new project funding

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1 Background

These guidelines set out the appropriate approach to cost recovery and new project funding for Commission work as well as the provision of ‘in-kind’ support to the Commission.¹

The guidelines seek to ensure that processes for cost recovery and arrangements for project funding and ‘in-kind’ support meet the Commission’s obligations under the

- Financial Management and Accountability Act and Regulations;
- Government’s Cost Recovery Guidelines;² and
- APS Values and Code of Conduct.

2 Cost recovery

2.1 What is ‘cost recovery’?

Cost recovery involves imposing charges or fees to ‘reflect the costs of providing the product or service’. Such charges should generally be imposed on a fee-for-service basis and be undertaken on an activity or activity group rather than across an agency as a whole.³

Cost recovery is not to be undertaken simply to earn revenue.⁴

2.2 When should cost recovery take place?

Agencies should set charges to recover all the costs of products or services where it is efficient to do so.⁵

Cost recovery should *not* take place where it

- is not cost effective;
- is inconsistent with government policy objectives;
- would undermine the objectives of the particular activity;
- would unduly stifle competition or industry innovation.⁶

¹ These guidelines were updated on 5 November 2010.

² Department of Finance and Administration, *Australian Government Cost Recovery Guidelines*, Financial Management Guidance No. 4, July 2005.

³ Department of Finance and Deregulation, *Finance Circular 2005/09*, [5], [8].

⁴ Cost Recovery Guidelines 18.

⁵ Department of Finance and Deregulation, *Finance Circular 2005/09*, [3].

⁶ Department of Finance and Deregulation, *Finance Circular 2005/09*, [4], Cost Recovery Guidelines 18.

Cost recovery should also not take place in relation to an agency's 'basic information product set'.

2.3 No cost recovery for 'basic information product set'

The Cost Recovery Guidelines distinguish between information products that are taxpayer funded (the 'basic product set' or core work) and other information products ('additional products').

The Cost Recovery Guidelines suggest that a useful distinction is between

- General information products produced for the Australian community (generally falling within the 'basic product set'); and
- Information products produced at the request of specific groups or individuals (generally falling within 'additional products').⁷

The Cost Recovery Guidelines recognise that an agency 'may wish to provide information products outside the taxpayer funded basic product set, consistent with its charter'.⁸ It will be appropriate to apply cost-recovery for such additional information products where it is efficient and effective to do so.

2.4 Approach to cost recovery

All proposals for cost-recovery are to be developed in consultation with, and require the approval of, the Chief Financial Officer.

The appropriate approach to cost recovery is to link the charge as closely as possible to the activity or product that is being recovered.⁹

Charges should be designed to collect the additional direct costs incurred beyond those incurred by the Commission for its 'basic product set' (ie core work).

This should be done using the template established for the New Policy Proposal (NPP) process. This model is accepted by Government to reasonably reflect the direct salary and corporate overhead costs for funding additional operational activities by an agency. The latest version of the template (excel file) is available on the Finance and Services section of the intranet.

2.5 Cost recovery and speaking engagements for President/Commissioners

When the President or a Commissioner are invited to speak at a public event it is appropriate to consider

⁷ Cost Recovery Guidelines 29.

⁸ Cost Recovery Guidelines 35.

⁹ Cost Recovery Guidelines 40.

- cost recovery for their costs of attendance (travel and accommodation); and
- charging a 'speaking fee' to reflect the cost to the Commission of the preparation and delivery of the speech.

In both cases, however, it is necessary to consider the nature of the event to determine whether cost recovery is appropriate.

2.6 No charge for speeches falling within the 'basic product set'

Where a matter falls within the Commission's 'basic product set', no charge or fee should be imposed. In deciding whether a speaking engagement falls within the Commission's 'basic product set' it will be relevant to consider whether the information is being provided for the Australian community generally, with reference to the content and the anticipated audience.

In general, a speaker's fee should not be sought for speeches given at the request of non-profit organisations, educational institutions and community groups.

In such cases, where an offer is made to cover the costs of attendance, this can be accepted. However, this should not be required.

2.7 Speeches falling within the 'additional product set'

Where a presentation is tailored to a specific audience, the engagement may fall within the Commission's 'additional product set'.

In contexts such as commercially-run conferences, or speeches given to an invited business audience, it will be appropriate to seek reimbursement for all expenses and charge a speaking fee.

The amount of any speaking fee should be determined in consultation with the Chief Financial Officer to ensure that it is set at an appropriate level.

3 Funding or inkind support for new projects

The Commission can seek and receive money or inkind support outside its appropriation to conduct additional work that could not otherwise be undertaken within its current appropriation.

Any amounts received should be clearly linked to specific projects or work in a particular area that is additional to the core work of the Commission.

Any proposals for funding new projects or inkind support should be developed in consultation with the Director of Policy and Programs and the Chief Financial Officer.

All funding or inkind agreements must be approved by the President or Executive Director and must specify the scope of work to be undertaken, the inputs and outputs and the commitments undertaken by each party to the agreement.

After the services have been agreed, the original copy of the funding agreement should be lodged in the Contracts Register held in Finance and Services.

When a receipt of funds is due to the Commission, a tax invoice will be need to be raised. An invoice request form is available on the Finance and Services section of the intranet.

It is vital that receipt by the Commission of any money is not in conflict with the APS Values and Code of Conduct.

3.1 APS Values and Code of Conduct

Staff should already be familiar with the APS Values and Code of Conduct. In the context of funding for all projects it is particularly relevant to note that the Code requires Commission staff to act with integrity, avoid conflicts of interest and uphold the reputation of the Australian Public Service.

The Australian Public Service Commission notes the importance of APS employees who manage corporate sponsorship being aware of 'accountability, probity and ethical issues' and that corporate sponsorship 'must not influence or appear to influence agency goals, strategic direction or integrity'.¹⁰

The terms of any funding agreements should be written and their conditions must not limit or appear to limit the Commission carrying out its functions.

4 Examples of cost recovery, funding for new projects and other in-kind support

This section provides some examples of cost recovery arrangements, as well as funding for new projects and other in-kind support that have been received in recent years.

This information is provided for illustrative purposes only, and any future proposals must be confirmed as meeting the above guidelines if they are to be progressed.

4.1 Cost recovery examples

(a) National Congress of Australia's First Peoples

FACHSIA entered into a Project Funding Agreement with the Commission to conduct consultations on a model for a new national representative body for Aboriginal and Torres Strait Islander peoples.

The funding covered:

¹⁰ Australian Public Service Commission, *APS Values and Code of Conduct in practice*, available at: <http://www.apsc.gov.au/values/conductguidelines.htm>

- The costs of convening an independent Steering Committee – including all costs for meetings, catering, travel and accommodation;
- The costs of conducting national consultations – including printing and distribution costs for consultation materials (this includes insert costs and advertising for newspapers), focus groups, online surveys, as well as face to face consultations;
- Legal and financial advice (in this instance, this related to incorporation of a private company and the development of its operating rules and constitution, and developing budget proposals to cover the operating costs of the organisation);
- Reimbursement for staffing time and resources of the Commission – using the NPP template, this included staffing for the process on research and administration, as well as costs associated with web development and public affairs support; and
- Associated miscellaneous costs.

The Commission had to provide an acquittal of funds received and expended. This took the form of a letter providing an overview of the expenditure with a statement that the expenditure was used for the purpose provided and was audited through the Commission's regular (and statutorily required) auditing processes.

(b) Facilitating participation of young people in the national human rights consultation

The Commission entered into an agreement with the Foundation for Young Australians (FYA) to support the participation of children and young people in the National Human Rights Consultation.

The Commission conducted workshops with representatives from peak bodies that represent and work with children and young people as well as with some groups of children and young people. The funding covered:

- printing of consultation toolkit
- travel and accommodation costs
- venue hire and catering.

The Commission had to provide a monthly email report and a final report to the Foundation for Young Australians. The final report was included in the Commission's submission to the National Human Rights Consultation. The Commission also agreed that the initiative 'may be subject to a process of independent, external evaluation during the Initiative Period as determined by FYA'.

The Commission provided an itemised invoice to the Foundation for Young Australians at the end of the consultation process. Arrangements to enable appropriate receipt, payment and reporting on the use of funds were arranged through Finance and Services.

(c) *Training on disability standards on accessible buildings*

The Commission has been asked by the Attorney General and Minister for Innovation Industry, Science and Research to take a lead role in delivering education seminars on the proposed Premises Standards focussing on building professionals and the property sector.

DRU identified a company that has experience in organising similar seminars for the building industry on behalf of the Australian Building Codes Board and negotiated a contract with the company whereby the Commission will be paid a fee for each person that registers for one of 12 seminars being undertaken around Australia.

Based on a reasonable expectation of 2000 people attending the seminars the Commission will receive payments sufficient to cover all costs associated with the project including staff salaries, travel and allowances, printing of material and provision of access in the form of sign language interpreters and similar.

The contract with the company stipulates that the Commission will provide seminar content and promotion of the seminars on condition that the company takes responsibility for all venue booking contracts, registrations and issuing of attendance certificates, catering and ensures all venues are accessible for people with disability.

The level of registration fees for the seminars were negotiated in order to ensure the seminars are attractive to potential attendees.

The advantage of this approach is that the Commission is not tied up in significant organisational tasks, has no contractual responsibilities with a multitude of venues, PA service providers and caterers and is free to focus on its core work, that of delivering the seminars.

4.2 Examples of funding for new projects

(a) *Close the Gap*

Funding has been received from multiple sources to sustain a secretariat for the Close the Gap campaign. Funding is sourced from a range of philanthropists, academic institutions, NGOs, Indigenous organisations and human rights organisations, as well as from government departments for specific activities.

Most funding is applied generally to the Close the Gap Secretariat and has contributed to:

- Staffing costs (a campaign coordinator and policy analyst, and occasional administrative support);
- Associated administrative costs such as travel, venue and catering costs for meetings;
- Production of publications (design, printing and dissemination);
- Convening of events.

For this funding, the Commission has written to individual donors confirming that the funds will be applied generally to Close the Gap at the discretion of the Social Justice Commissioner, and that it will be audited through the Commission's regular (and statutorily required) auditing processes.

Funding has also been provided for specific activities, including:

- Convening national roundtables and workshops (for example, one roundtable in 2008 was identified as being sponsored by the Heart Foundation)
- Covering costs associated with evaluation work and specific research for the campaign.

Specific funding agreements have also been entered into with the federal Government, primarily through the Department of Health and Ageing for major national events convened by the Close the Gap campaign.

(b) Indigenous Human Rights Network of Australia

Oxfam Australia provided funding (of \$330,000) over 3 years to establish an online educative resource and network for Indigenous peoples about their human rights. The funding is provided to the Commission in order to:

- Hire staff to develop and coordinate the network;
- Pay for costs associated with developing, maintaining and promoting the website
- Convening regional workshops of Indigenous peoples on key issues.

Expenditure is approved according to different categories of expenditure (with some flexibility to move funds between codes). Any variations to the terms of the funding agreement require contract variations.

The reporting requirements for the project are substantial (as the amount involved has a high threshold). It requires quarterly and annual reporting. The reporting requires the following:

- Financial report: every six months, advice of funds spent to date (simply a single-figure total) every September and March quarter;
- Narrative report: every six months, a narrative report that describes progress on the project, including critical emerging issues and reflections on progress;
- Mid-term review: a more substantial review of progress half way through the project; and
- Final report and project evaluation: Financial and narrative report according to supplied reporting formats, with details of acquittal of funds expended and project evaluation.

Another project with a similar funding model is the Christensen Fund's support for a project on the United Nations Declaration on the Rights of Indigenous Peoples.

4.3 Examples of other in-kind support

(a) *Blake Dawson secondment program*

Blakes has agreed to a pilot secondment program, called the Blake Dawson Women in Leadership Program. Blakes is providing a Graduate to be placed in the SAGE unit for six months to work on a range of projects and initiatives. Blakes remains responsible for overall staff supervision, and insurance costs etc with SAGE having day to day responsibility.