

THE ACT TOOLS & RESOURCES TO SUPPORT FULLY COSTING HUMAN SERVICES DELIVERY PROJECT

Final Report

Prepared by the Centre for Public Value and
the Centre for Social Impact for the
ACT Government

June 2025

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University of Western Australia Acknowledgement of Country

In the spirit of reconciliation, the Centre for Public Value and CSI UWA acknowledges that their operations are situated on Noongar land, that the Noongar people remain the spiritual and cultural custodians of their land, and continue to practise their values, languages, beliefs and knowledge. We acknowledge the Traditional Custodians of the country throughout Australia and their connections to land, sea and community. We pay our respect to their elders and extend that respect to all Aboriginal and Torres Strait Islander peoples.

ACT Government Acknowledgement of Country

We acknowledge the Ngunnawal people as traditional custodians of the ACT and recognise any other people or families with connection to the lands of the ACT and region. We acknowledge and respect their continuing culture and contribution they make to the life of this city and the region.

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Suggested Citation: Gilchrist, D. J., Callis, Z., Flatau, P., and Lester, L. (2025). *The ACT Tools & Resources to Support Fully Costing Human Services Delivery Project – Final Report*. The UWA Centre for Public Value and the Centre for Social Impact, University of Western Australia, Perth.

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Disclosure Statement

This project has been jointly undertaken by the Centre for Public Value and the Centre for Social Impact UWA at the University of Western Australia. It was funded by the ACT Government.

Acknowledgements

We would like to thank the Strategic Reference Group and the Delphi Panel for taking the time to provide considered reviews of the Human Services Costing & Pricing Resource Package. We also thank Ben Scullin and Benjamin Lau for their assistance with data analysis.

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1. INTRODUCTION

The full costing of human services remains a significant sustainability challenge for many not-for-profit organisations. To develop tools and resources in support of fully costing human services, the ACT government funded the University of Western Australia to undertake a research program that worked with the sector in the ACT toward resolving this problem.

The Human Services Costing & Pricing Resource Package was developed using the intellectual property and practice capacity of the UWA Centre for Public Value and the Centre for Social Impact UWA and comprises a set of resources designed to meet the needs of the ACT Tools & Resources to Support Fully Costing Human Services Delivery Project. These tools and resources are incorporated into the Human Services Costing & Pricing Resource Package which consists of:

- Costing & Pricing Human Services Framework (A foundation document)
- The Service Provider Costing & Pricing Model (an MS Excel Spreadsheet Tool) – to cost the organisation
- The Single Product Costing & Pricing Model (an MS Excel Spreadsheet Tool) – to cost a particular program
- The Costing & Pricing Model Handbook (Instructions on the use of the above models)
- The Costing & Pricing Provider Training Video Package (4 recorded training videos)
- The Costing & Pricing Government Procurement Training Video (A recorded training resource)

This report provides an overview of the project, its findings and a description of the resources created.

1.1 Background

The Counting the Costs Report (Cortis et al., 2021)¹ together with the Government Response to this report and recommendations (2023) identified a number of factors impacting human services organisations' capacity and capability to fully cost services delivered in partnership with the ACT Government, including that:

- the Not-for-Profit Starvation Cycle causes funders and providers to under-price service delivery;
- some human services organisations do not have access to resources to guide the full costing and pricing of service proposals; and
- the ACT Government and human services organisations funded by the ACT Government do not have an agreed, transparent framework for accurately calculating the full cost of service delivery.

The Counting the Costs Report (Cortis et al., 2021) made six recommendations to the ACT Government to respond to the rising costs and rising demand. This project, the ACT Tools & Resources to Support Fully Costing Human Services Delivery Project, aims to address Recommendation 2: “Fully covering costs of service delivery” and Recommendation 4: “Building capacity to accurately cost services”.

¹ Report available here: <https://www.act.gov.au/open/counting-the-costs>

1.1.1 Counting the Costs Report Recommendation 2: Fully covering costs of service delivery

The Counting the Costs Report (Cortis et al., 2021) highlighted the need for funders to understand and cover the full costs that human services organisations incur in service delivery. Accordingly, the Human Services Costing & Pricing Resource Package is an important tool for funders to better understand the components involved in service delivery to ensure that they have sufficient financial literacy to evaluate funding applications and ensure services are adequately funded. As an example, the materials emphasise the role and importance of profit for organisation sustainability to challenge the misconception that not-for-profit organisations should not make a profit. The consultation process revealed that “profit” was a contentious topic for funders and sector representatives highlighted the “...need to socialise the word profit with government, [commissioners] of services” in their feedback. The Human Services Costing & Pricing Resource Package aims to increase the transparency of costing and pricing processes, so that funders understand the processes human services organisations are undertaking to price their services and are more receptive to funding the true cost.

1.1.2 Counting the Costs Report Recommendation 4: Building capacity to accurately cost services

The Counting the Costs Report (Cortis et al., 2021) identified the need for human services organisations to build capacity to accurately cost services, particularly smaller organisations with limited finance staff. The Human Services Costing & Pricing Resource Package aims to increase the financial literacy of human services personnel and government procurement personnel to ensure all expenses associated with service delivery are understood and their impacts appreciated. Understanding what it takes for their organisation to deliver a particular service will empower human services organisations to apply for adequate funding. The Human Services Costing & Pricing Resource Package is designed to be accessible for smaller organisations as the MS Excel models do not require specialised software. Similarly, it can be used as an education tool for board members and other staff to develop an understanding of the underlying concepts of existing costing and pricing software. Capacity building in the sector is a process and the Human Services Costing & Pricing Resource Package represents a necessary first step.

1.2 Meeting the Needs Identified by the Sector

Listening Report 2: Sector Sustainability Program Startup Phase 2023-2024² provided a summary of key themes from feedback acquired through ACT Government consultation with the human services sector. The following presents each item of feedback reported in Appendix 1 of that document together with an explanation of how the development team (i.e., UWA researchers) incorporated it into the development of the Human Services Costing & Pricing Resource Package. It is important to note that this consultation took place prior to the development team's involvement in the project and is separate to the consultation undertaken by the development team described in section 3.

Table 1 How Sector Consultation Feedback Informed the Development of the Human Services Costing & Pricing Resource Package

Listening Report 2 Feedback	How it is Addressed in Tools and Resources
<p>The material presented at the Workshop focused on identifying the full range of costs to be recovered when ACT Government is commissioning human services. The scope of services/programs that are defined by ACT Government as Human Services was published in February 2023 in the ACT Government Response to the Counting the Costs Report and Recommendations:</p> <p><i>Services that provide support for a safe, healthy, inclusive community and in maintaining and promoting its quality of life. That support spans NGOs funded to deliver services across many sectors including safety, emergency and material aid, physical and mental health, housing, child and family, legal, employment, transit, education, recreation and culture. Human services contribute to daily living, to enable individuals, families and other groups in the community to develop, cope, function and contribute. (p10)</i></p>	<p>This definition set the scope for the project and has been included in the glossaries in the Costing & Pricing Human Services Framework and the Costing & Pricing Model Handbook.</p>
<p>1. There is a need to build capacity (including both permission and capability) in the ACT Government and NGO workforces administering Human Services funded by ACT government and delivered by NGOs to:</p> <ul style="list-style-type: none"> • Accurately cost services to fully recover the cost of all functions that are required of NGOs delivering services via a funding instrument with the ACT Government • Ensure any expenses currently not funded or under-funded in ACT Government Human Services programs 	<p>The intended audience of the Human Services Costing & Pricing Resource Package is human services organisations, government, and funders. The Framework describes the nature, key elements, and terminology (i.e., the glossary) associated with costing and pricing that is consistent with accounting practice. The Framework details the nature of costing, costing practice, and types of costs to assist human services organisations with identifying and accounting for all costs associated with service delivery.</p>

² See here for report: <https://actcoss.org.au/sector-sustainability-project-knowledge-hub/>

Listening Report 2 Feedback	How it is Addressed in Tools and Resources
<p>delivered by NGOs are identified and accounted for in future funding arrangements</p>	<p>The Framework also serves as a discussion tool for negotiating funding arrangements. As noted in the consultation feedback, it is “excellent for explaining costs to funders and helps argue for fair pricing. It also helps with planning for future needs and policy discussions.”</p>
<p>2. In line with the ACT Government Commitments to Closing the Gap Priority Reforms, fully costing delivery of services by Aboriginal Community Controlled Organisations needs to include provision of resources to grow the capacity of organisations to increase services beyond current level of provision, in a way that ensures sustainability and success as funding transitions from mainstream organisations to Community Controlled organisations</p>	<p>This is beyond the scope of the Human Services Costing & Pricing Resource Package and the authors advocate for a dedicated piece of work to meet the ACT Government Commitments to Closing the Gap Priority Reforms. However, the Framework does discuss the need for profit for organisation sustainability and growth and may form the foundation for Aboriginal Community Controlled Organisations specific funding reforms.</p>
<p>3. Full Cost recovery in the literature categorises costs as direct and indirect. Feedback at the workshop indicated a preference for categorising costs according to the functions that are required to deliver human services.</p>	<p>The terms ‘Direct’ and ‘Indirect’ costs are consistent with accounting terminology in practice. This understanding is fundamental to understanding costing and pricing. To assist with this learning, example cost functions are mapped to indirect and direct cost types in the Appendix of the Framework.</p>
<p>4. Workshop participants identified all stages of activity/service delivery that need to be included in calculating full costs of service delivery:</p> <ul style="list-style-type: none"> • Keeping an NGO “door open” so it has capacity to deliver services/activities when funding is available • Setting up for operational delivery of programs funded • Starting services/activities when new areas of service delivery are funded • Delivering services/activities - noting there is a need for scope to renegotiate deliverables in multi- year agreements because changes in demographics, demand and costs are not often included in funding arrangements • Governing services/activities • Handing over services/activities when program funding changes to another provider • Winding down operations associated with services/activities when program funding ceases 	<p>The Framework addresses these elements and advocates for the renegotiation of multi-year funding arrangements (i.e., in Chapter 4). The models can be used to cost each of these stages.</p>

Listening Report 2 Feedback	How it is Addressed in Tools and Resources
<p>5. Full Cost recovery should include all three levels of costs associated with sustainable delivery of both services/activities and governance of an organisation. Sustainable delivery and governance of an organisation has been defined in this resource.³</p>	<p>The Framework includes the figure and an associated discussion short-, medium-, and long-term sustainability in Chapter 1.</p>
<p>6. There was support for the following list of functions being used to describe the range of activities involved in delivering safe, high quality human services to citizens:</p> <ol style="list-style-type: none"> a. Services/activities delivery b. Quality control and evaluation, including internal processes and systems and external accreditation c. Service improvement including systemic reform, improving equity of outcomes, contributing to policy reform, sector development and service model evolution d. Visibility and Communication e. Reporting and Evaluation f. Human Resources g. Technology, including hardware, software and capability h. Infrastructure, including facilities and transport i. Procurement j. Legal services k. Business development l. Auditing m. Governance, including Risk Management 	<p>The Appendix of the Framework maps cost functions to the National Standard Chart of Accounts (NSCOA).</p>
<p>7. The necessary functions listed above should be used as an educative and planning tool with both the NGO sector and government officials and leaders to build understanding of what is involved in sector sustainability. This is essential to overcome the myths and biases that underpin the non-profit starvation cycle.</p>	<p>The Framework discusses sustainability and profit in Chapter 7.</p>
<p>8. ACT Government portfolios responsible for funding Human Services should recognise when funding for the Program is not adequate to recover the full costs of service delivery (as defined in points above), and be transparent and realistic</p>	<p>The intended audience of the Framework includes ACT Government and aims to develop capacity in this area. However, it is important for users of the Human Services Costing & Pricing Resource Package to understand that the true cost of service delivery will differ across human services due to variations in client demographics and associated needs, location/remoteness of</p>

³ This comment referred to a figure on page 8 of *The Not-for-Profit Balance Sheet: A Resource for Directors and CEOs* (Gilchrist & Etheridge, 2020).

Listening Report 2 Feedback	How it is Addressed in Tools and Resources
<p>about the scope and quantity of services they are able to invest in.</p>	<p>services, and service delivery. These tools will facilitate discussions between funders and human services organisations to ensure there is a shared understanding of the scope and quantity of services funders are able to invest in.</p>
<p>9. There was no support for this list to be used as a budget template for proposals from NGOs – because different services and different contexts require different combinations of functions and will have a different mix of costs to recover.</p>	<p>The tools developed for the Human Services Costing & Pricing Resource Package explicitly state that they are educational in nature and are not intended to be used as practice manuals or mandatory templates. This is consistent with feedback received in the consultation process, as human services organisations do “...not want to be forced to use this as a requirement for government tenders for commissioning.”</p>
<p>10. Funders should not specify what proportion of the budget should be allocated to any specific function because the level of cost associated with each of the components and stages of services/activities delivery will differ depending on:</p> <ol style="list-style-type: none"> a. The type of service being delivered b. Whether the funding program is new, evolving or continuing c. Complexity of the services/activities d. Regulatory and legislative requirements and compliance processes 	<p>No benchmarks have been recommended to this effect.</p>
<p>11. The list of necessary functions should also not be used as an audit tool, it is a planning and education tool to inform both NGOs and Government ahead of human services investment activities including when developing proposals inside ACT Government, when seeking proposals from NGOs and when jointly negotiating funding arrangements</p>	<p>This is not the intended purpose of the Human Services Costing & Pricing Resource Package, but commitment to this point lies with ACT Government.</p>
<p>12. Specific concerns with the approach to eligible and ineligible budget elements for short term small grants programs were also raised. The current premise that full cost pricing does not apply to small grants requires further exploration.</p>	<p>Costing is important for the financial management of the organisation and will assist human services organisations to identify the shortfall or funding gap associated with small grants, as discussed in the Framework.</p>

1.3 Need for Financial Literacy in the Sector

Financial literacy – people’s understanding of how their organisation’s finances work and how to manage them - is one of the greatest challenges faced by human services providers, funders, and governments in Australia. Having limited financial literacy directly jeopardises organisation viability and financial sustainability, the impact of which is to push greater risk onto the people and communities that rely on the services and supports human services providers provide. This makes those vulnerable people and communities the shock absorbers of the system. This set of resources is designed to support capacity building in this area.

As such, the Framework provides a logical foundation for human services providers and funders to build capacity in costing and pricing. It is one component of the Human Services Costing & Pricing Resource Package designed to increase mutual understanding and support increased effectiveness in the areas of costing, pricing, budgeting, and financial planning. The intended audience is human services providers themselves, government, philanthropists and others with a role in funding, purchasing services from, overseeing or auditing the provision of human services. It is intended that the Framework provide an agreed basis for establishing the costing and pricing process for human services funded by the ACT Government and delivered by non-for-profit organisations in the ACT. However, it is not intended to be specific to any one program or contract. Therefore, this set of resources has three fundamental purposes:

- (1) To establish a shared language including agreed terminology and practice;
- (2) To support capacity building in costing and pricing with a view to enhancing financial literacy and organisational financial sustainability; and
- (3) To allow organisations to understand the comprehensive cost of service delivery so they can compare that to the funding arrangements offered by governments and philanthropists.

Further, it should be noted that the consultation process revealed that many human services organisations have limited financial literacy and additional work to build capacity in the sector is required. Accordingly, the Human Services Costing & Pricing Resource Package is just the first step in building financial literacy capacity in the sector.

1.4 This Report

This report presents an overview of the components of the Human Services Costing & Pricing Resource Package, the consultation methodology employed to revise the resource package, the key themes identified in the feedback received, the revisions and additions made to the resource package in response to the feedback, and the project recommendations.

2. THE HUMAN SERVICES COSTING & PRICING RESOURCE PACKAGE

2.1 *Costing & Pricing Human Services Framework*

The framework provides a logical foundation for human services providers and funders to build capacity in costing and pricing. It is one component of the Human Services Costing & Pricing Resource Package designed to increase mutual understanding and support increased effectiveness in the areas of costing, pricing and budgeting. The intended audience is human service providers themselves, government, philanthropists and others with a role in funding, purchasing services from, overseeing or auditing the provision of human services. It is intended that this framework provide an agreed basis for establishing the costing and pricing process for human services funded by the ACT Government and delivered by not-for-profit organisations in the ACT.

2.2 *The Costing & Pricing Model Handbook*

This handbook provides users of the Provider Model and the Program Model an understanding of how to use the models. It provides a step-by-step guide for using the MS excel models.

2.3 *The Service Provider Costing & Pricing Model*

The Service Provider Costing and Pricing Model is an MS Excel spreadsheet that comprises capacity to cost and price an organisation's operational activity across all areas and programs for one year. The organisation should use this model for budgeting and sustainability assessment at the organisation level. Changes in economic circumstances, cost levels and client needs over time all impact the sustainability of the organisation and so the model can be used to examine what-if scenarios, re-cost and price iteratively throughout the financial year and can be updated for changes in assumptions as experience allows organisations to become more adept at forecasting their costs and income over time. It is designed to allow an organisation to cost over one year as it is intended to support implementation of a sustainable budgeting process.

2.4 *The Single Product Costing & Pricing Model*

The Single Product Costing and Pricing Model is designed as a tool to support decision making when an organisation is contemplating providing a new service, expanding a current service materially and/or responding to an invitation to accept funding or provide a tender response. As such, the model is focused on forecasting the contribution margin (i.e., the portion of the service delivery unit price that contributes to the recovery of fixed costs) that would be achieved should the single service change take place. Therefore, it is designed to assist organisations to forecast direct costs associated with the new element together with any capital funding requirements needed to be fulfilled to meet the service delivery obligations.

2.5 *The Costing & Pricing Provider Training Videos*

The written materials and MS Excel models are introduced and reinforced by a series of open-source training videos that are designed to provide an overview of the resources and their purpose. These videos are a good place to start your engagement with the Resources and are useful for training volunteer board members and others related to your organisation that might not be undertaking the costing and pricing process itself. The videos can be used in any way that advances the capacity of not-for-profit human services providers.

Specifically, there are five videos provided:

Training Video 1 – Introduction: overview of the program and materials.

Training Video 2 – Costing & Pricing Governance: Key considerations for boards and executives with respect to the governance of costing and pricing over time.

Training Video 3 - Costing & Pricing Principles: Brief explainer for those with limited costing & pricing experience.

Training Video 4 - The MS Excel Costing Models: This video briefly discusses the two models provided and provides some suggestions as to managing these resources effectively.

Training Video 5 - Costing & Government Procurement: This video examines the importance of financial sustainability and costing capacity from the funder's perspective. It is designed to enhance funders' appreciation of the need for financial sustainability in the context of ensuring public funds are appropriately and efficiently deployed.

3. CONSULTATION METHODOLOGY

Approval to conduct this research was provided by UWA Human Ethics Ref: 2024/ET000515.

3.1 Collaboration with the ACT Government

Initial drafts of the materials were prepared by the development team based on current accounting practice and sector consultation feedback that had been conducted by the ACT Government prior to engaging with the development team (i.e., UWA researchers). Draft materials were thoroughly reviewed by the ACT Government to ensure the Human Services Costing & Pricing Resource Package met the needs identified by the sector.

3.2 Round 1

The draft Framework, Handbook, and MS Excel Models were sent out to sector representatives to review and provide feedback. Feedback was primarily collected via two methods: (1) a Delphi panel survey and (2) a strategic reference group round table.

3.2.1 Delphi Panel Survey

The Delphi method was utilised to assess the validity and usability of the foundational resources, and to guide the successful adoption and implementation of the Human Services Costing & Pricing Resource Package by ACT Government and human services organisations. Stakeholders from peak bodies representing human services organisations, ACT Government, Aboriginal Community Controlled Organisations, human services organisations (generalist and specialist), peak bodies for accounting practitioners, and human services unions and professional associations were invited to participate in the Delphi panel. Delphi Panellists were identified by the ACT Government.

The Delphi process was conducted online using a Qualtrics survey. The Round 1 Delphi panel survey contained drafts of the Framework, the Handbook, and the models. For each tool, four open-ended questions were asked:

1. What are the strengths of this tool?
2. What are the weaknesses of this tool?
3. What changes could be made to this tool to better meet needs associated with costing service delivery?
4. Were there any terms used in the tool that you think should be defined in the Glossary?

The first round took place between December 2024 and early January 2025. The Delphi survey was sent out to 155 representatives from the ACT human services sector and 29 responses were received. Responses to the questions were collated ahead of the Strategic Reference Group Round Table to inform and guide the facilitators. A summary document of the Delphi Round 1 feedback was prepared for Delphi Round 2 (see section 4.1.1).

3.2.2 1st Strategic Reference Group Round Table

As part of the project, a strategic reference group was formed including stakeholders from human services organisations and the ACT Government. Members of the strategic reference group were identified by the ACT Government. The draft Human Services Costing & Pricing Resource Package was sent to the strategic reference group for review. Round Table 1 took place in January 2025 over Teams. The format was an open discussion about the tools and resources facilitated by a UWA researcher. The facilitator had reviewed the collated responses from the survey to inform the facilitation.

The Teams meeting was recorded, transcribed and key themes were identified from the transcription (see section 4.1.2).

3.3 Round 2

3.3.1 Delphi Panel Survey

In Round 2, the collated responses to Round 1 (see section 4.1.1), along with the Human Services Costing & Pricing Resource Package including revisions responding to Round 1 were embedded in a Qualtrics survey that was sent out to each of the Delphi panel members for review. As presented in section 4.1.1, each theme included a response from the development team. The survey contained three open-ended questions with respect to the Human Services Costing & Pricing Resource Package:

1. In light of the feedback above, is there anything you would like to comment on with respect to the strengths of the resource package?
2. In light of the feedback above, is there anything you would like to comment on with respect to the weaknesses of the resource package?
3. In light of the feedback above, is there anything you would like to comment on with respect to the suggested changes to the resource package?

In the Delphi Round 1, a number of panellists noted that they would be interested in costing and pricing training. To explore the appetite in the sector, the question “Would you be interested in any training to build your capacity in costing and pricing?” was added to the Delphi Round 2.

The Round 2 Delphi Panel survey took place between February and March 2025. All Delphi Panellists were sent the Round 2 survey regardless of whether they had provided feedback in Round 1 and the contact list of panel members was updated by ACT Government. The survey was sent out to 172 representatives from the ACT human services sector and 21 responses were received. A summary of the Round 2 Delphi Panel feedback is presented in section 4.2.1.

3.3.2 2nd Strategic Reference Group Round Table

Round Table 2 took place in February 2025 over Teams. The purpose of this round table was for the Strategic Reference Group to discuss the sector feedback on the Human Services Costing & Pricing Resource Package received in the Round 1 Delphi Panel survey. The Teams meeting was recorded, transcribed and key themes were identified from the transcription (see section 4.2.2).

3.4 *Revision to the Consultation Methodology*

Initially, the development team had planned three rounds of consultation (three Delphi surveys and three Round Tables). However, there were few thematic differences between the responses received in Round 1 to those in Round 2 (i.e., it appears that saturation was reached in Round 1, see section 4) and so the research team felt that the process was exhausted. Additionally, the data collection period for the Round 2 Delphi Panel Survey was extended such that it ended after the Round 3 survey and round table were scheduled. Therefore, it was decided the third round would not go ahead.

4. CONSULTATION KEY THEMES

To preface the analysis of the themes that arose from the consultations, it should be acknowledged that some of the feedback received included commentary relevant to broader policy issues. While the development team's response (e.g., in the table in section 4.1.1) noted that this was out of scope for the project, it was not our intention to devalue or dismiss these comments. We recommend that they are reviewed by ACT Government and considered as part of the broader funding-focused project.

4.1 Round 1

4.1.1 Delphi Panel Survey

Between December 2024 and early January 2025, representatives from the ACT human services sector reviewed the draft Human Services Costing & Pricing Resource Package and submitted their feedback. The Delphi survey was sent out to 155 representatives from the ACT human services sector and 29 responses were received.

This section serves to provide a summary of the feedback received from comments made by participants in the Delphi Round 1 Survey. The summary below is arranged so that comments and responses are grouped by theme. The full response list is provided in the appendix. For each theme, the development team provided a response.

The tables below were included in the Delphi Round 2 survey. The purpose of this inclusion was to provide the participants with a summary of the comments made by survey participants and the resource development team's responses.

Strengths of the Resource Package

Theme	Round 1 Delphi Panel Survey Summarised Response	Number of Responses	Development Team Response
Comprehensive, Clear, Detailed, Thorough	Framework “Measured and good level of detail.” “Comprehensive yet clear.”	9	We are pleased that people found the resources comprehensive, clear and thorough. The comments confirmed the need for this resource package.
	Handbook “Very comprehensive.” “Practical, well-written. Easy to follow.”	14	
	Models “Comprehensive and appears easy to use.” “Very comprehensive and able to accommodate many different types of human services providers and their different ways of doing things.”	7	
Easy to read	Framework “Design and layout make it easy to read.” “Clear outline of the intended audience.”	6	Clarity and accessibility are critical and we will continue to maintain this objective.
	Handbook “The step-by-step instructions are clear and relate well with the spreadsheets. I particularly like that you used colour codes (e.g. light blue cells) in the instructions.”	3	
	Models “Good use of comment boxes to highlight data entry requirements.” “Good guidance provided.”	5	



Theme	Round 1 Delphi Panel Survey Summarised Response	Number of Responses	Development Team Response
Standardised Language	<p>Framework</p> <p>“Standardised definitions and processes improve communications and understanding between funders, service providers and stakeholders, reducing disputes over pricing and funding decisions.”</p>	2	Confirmation of the contribution of the resource is appreciated.
Suitability/ Audience	<p>Framework</p> <p>“Good explanation of costing principles that could be understood and applied by people...without much financial experience.”</p> <p>“Good tool to enable [a] less mature service [provider] to scope services and identify real costs.”</p>	4	This is a key issue and striking a balance between complexity for technical correctness and simplicity to enhance engagement is a significant challenge.
	<p>Handbook</p> <p>“Demonstrate[s] to government the complexity, resources and skills required by community sector in managing the financial sustainability of their organisations.”</p> <p>“Good tool to induct new Board members to the sector.”</p>	3	
Provides an understanding of costing and pricing	<p>Framework</p> <p>“The Framework will allow providers to better consider the wide range of factors that impact the true costs of services delivery.”</p> <p>“Assist to understand what it really takes to run services and shy organisations need to aim for a profit to keep running well over time (especially non-profits).”</p>	10	The comments confirm the value of the tool and the clarity with which it is presented.



Theme	Round 1 Delphi Panel Survey Summarised Response	Number of Responses	Development Team Response
<p>Framework recognises key factors impacting costing and pricing</p>	<p>Framework</p> <p>The responses were divided into four themes as the comments were very useful and comprehensive. These themes were:</p> <p>Costing is iterative: “Recognition of the need for iterative costing processes where contract are greater than two years AND the mechanisms that need to be considered such as funding top ups.”</p> <p>Role of funders: “Beneficial if it helps government understand how costing needs to be constructed to ensure viability.”</p> <p>Sustainability: “It integrates short-, medium- and long-term sustainability considerations, helping organisations align financial planning with operational and strategic needs.”</p> <p>Risk/strategy: “The Framework...guid[es] organisations to manage risks and plan strategically for funding gaps.”</p>	13	<p>The Framework has communicated key issues for consideration.</p>
<p>Need for profit</p>	<p>Framework</p> <p>“Appreciate the concept of Mark Up”.</p>	2	<p>Agreed!</p>
	<p>Handbook</p> <p>“Overall, the strength is using the Handbook to produce a profit, we need to socialise the word profit with government, [commissioners] of services.”</p>	3	
<p>Questions boards should ask</p>	<p>Framework</p> <p>“Very thorough and useful”</p> <p>“[The] questions boards should ask [was a] specific strength.”</p>	8	<p>We are pleased that this aspect was recognised as useful and a strength.</p>



Theme	Round 1 Delphi Panel Survey Summarised Response	Number of Responses	Development Team Response
Appendix – cost types and examples (mapped to NSCOA)	<p>Framework</p> <p>“Cost types and examples was useful and is very comprehensive.”</p>	3	This is an important resource needed to assist in translating the Framework principles to practice.
Pricing transparency	<p>Handbook</p> <p>“The Handbook promotes documentation and transparency in costing and pricing processes, which is crucial for funder negotiations and accountability.”</p>	2	We are pleased that this aspect was recognised as useful and a strength.
Different Funding/Service Models	<p>Handbook</p> <p>“It does to some degree recognise that human services tend to be delivered in an integrated way and funding provided under one contract will usually be used to support multiple programs.”</p> <p>“The models accommodate both block-funded and price-funded programs, addressing the complexities of different funding environments.”</p>	4	We are pleased that people found the resources applicable to different funding scenarios.



Weaknesses of the Resource Package

Theme	Round 1 Delphi Panel Survey Summarised Response	Number of Responses	Development Team Response
Length of document	<p>Framework</p> <p>“A lot to take on board”</p> <p>“Very large document, high level of comprehension required and likely to take large amount of time for a board to work through each section”</p> <p>“[S]uch a big document that people might not have time or the inclination to go through it thoroughly to get the best value. The way the document is structured largely offsets this though...”</p>	6	The balance between comprehensiveness and document length is a challenge. We understand that boards and executives have time limitations. However, we also know that the development of costing and pricing skills, capacity and processes within organisations is critical for their sustainability.
	<p>Handbook</p> <p>“Again, a large highly detailed document that may be daunting to people.”</p> <p>“Too long and text dense. Perhaps it needs to be, but suggest more diagrams rather than text to describe aspects where feasible.”</p>	4	
	<p>Models</p> <p>“[V]ery detailed and overwhelming.”</p> <p>“Too many sub-tabs where data could be aggregated at a higher level.”</p>	4	



Theme	Round 1 Delphi Panel Survey Summarised Response	Number of Responses	Development Team Response
Accounting terminology	<p>Framework</p> <p>“It is quite accounting jargon heavy, and some may struggle to understand.”</p>	4	<p>This has been an important consideration of the team since project inception and the glossary is a key response to this challenge, Additionally, we acknowledge that the process of capacity development will take time with skills and processes developed over a number of years. So, the application of the Framework is an iterative and extended process. We believe that, over time, the concepts and processes described in the Framework will become business as usual for the sector and government.</p>
	<p>Handbook</p> <p>“It is still complex and non-accountant or finance people may find it difficult to understand.”</p>	4	
Audience & high level	<p>Framework</p> <p>“Given that NGO boards are an audience for the Framework, a truncated board-specific Framework should be developed.”</p> <p>“[T]he Framework is written with the assumption that organisations have the skills, knowledge and systems to carry out these processes.”</p> <p>“The Framework would benefit from specific examples from the context, especially where they may deviate from the market economics approach implicit in the framework.”</p>	8	<p>These comments serve to highlight the challenge faced by many in the sector with respect to developing their financial literacy. Balancing current capacity with required capacity to be developed over time means that, while some respondents have complimented the clarity with which the resource has been developed, others see too much complexity and are concerned as to the length of the document. We think more resource needs to be focused on the training and development processes over time. Indeed, the long-term objective is to see the framework become standard custom and practice within the sector. Further, examples are useful but can lead others for whom the example is not relevant to implement the exemplar in error. Again, training and development should be the focus here.</p>
	<p>Handbook</p> <p>“I don’t see how the handbook is relevant to policy makers.”</p> <p>“I would not use the handbook to redo our financial models we use. It may assist small and medium entities. I would also be concerned the Handbook would be used by government, and they expect all budget bids in this format.”</p>	3	



Theme	Round 1 Delphi Panel Survey Summarised Response	Number of Responses	Development Team Response
	<p>Models</p> <p>“This is not relevant to policy makers”</p>	1	<p>The handbook and models are relevant to policy makers as they are educational tools aimed to increase financial literacy. Sufficient financial literacy is required to evaluate funding applications and ensure services are adequately funded.</p>
Local context	<p>Framework</p> <p>“It doesn’t appear to provide local context and consultation”</p> <p>“The Framework should specifically address...small demand markets”</p>	2	<p>We note these comments negate previous positive comments. However, we also note that an understanding of the context and nature of funding arrangements in the ACT is critical to costing. However, the costing process itself cannot be amended to meet the current structure on two grounds: (1) the process here is to cost and price correctly and then compare the outcome real comprehensive cost of service delivery with the funding offer provided by funders, whoever they might be; and (2) funding regimes are not static and so modifications would be needed on an iterative basis even if the model reflected the funding model rather than the comprehensive cost if service delivery.</p>
Questions for funders	<p>Framework</p> <p>“It would be helpful to see prompting questions suggested for funding bodies.”</p>	1	<p>We would appreciate feedback from government-based participants in relation to this statement and the nature of questions required.</p>



Theme	Round 1 Delphi Panel Survey Summarised Response	Number of Responses	Development Team Response
Questions boards should ask	<p>Framework</p> <p>“Some of these questions are relevant form a governance standpoint, but the document is primarily going to be used by executives so the framing of the questions does not quite work.”</p> <p>“One of the ‘Board Questions’ asks Do we need to replace assets, invest in staff training, change our business/service delivery models and/or undertake capital developments. I would suggest staff training should not be included in this question...as staff training and other professional development opportunities should be the norm and not a cost saving.”</p>	2	<p>The questions for boards have been designed to help boards to consider their governance obligations. They can, of course, be used by executives as well and we envisage the board and staff focus on these questions jointly. We have amended the Framework to be clearer in this regard.</p> <p>The question is designed to remind board members to include such costs in their costing and pricing and budgeting processes rather than to suggest that these costs should not be incurred.</p>
Responsibility of Government/ Funders	<p>Framework</p> <p>“Government has a responsibility to do costing work prior to go[ing] to the market with a defined price supported by evidence about the elements that drove the proposed price point.”</p> <p>“How realistic is it to be talking about Markup in the current climate?”</p>	5	<p>The funders cannot utilise the Framework and Models to cost services as they will not have access to the theory of change being used by each organisation or the costs of inputs. In order for funders to cost and price services, they must establish the service delivery model and apply it across the sector. This is not the intention here. Instead, these tools serve as financial literacy education tools for funders. The costing and pricing process is used to give boards capacity to understand their organisation’s financial sustainability challenges.</p> <p>This extends to the idea of considering markup or profit levels as well. The</p>



Theme	Round 1 Delphi Panel Survey Summarised Response	Number of Responses	Development Team Response
	<p>Handbook</p> <p>“[I]ncluding mark ups may be a deterrent for these to be excluded by funders in considering budgets. It may also impact on value for money requirements within a procurement process with government and not look good for taxation purposes. If it is truly a cost of sustainability then shouldn't it be called this?”</p>	1	<p>Framework identifies that an organisation must make a profit in order to maintain solvency and financial sustainability into the longer-term. The Framework acknowledges that pricing offered by funders does not always include sufficient profit. However, board members and executives must know what the funding gap is in order to manage their financial sustainability and to determine whether they will accept the price being offered.</p> <p>Finally, while funders may not offer sufficient levels of funding for a service they wish to procure, it remains the board members' responsibility to ensure the organisation is able to deliver their contracted obligations and maintain financial sustainability. It is not the funder's responsibility.</p>
Government Services	<p>Framework</p> <p>“Government often contributes a lot to an organisation outside [a] particular contract – for example operating premises, free use of facilities, profit generating services...I don't see how these are captured in the Framework.”</p> <p>“One issue we hear regularly is the need to factor in surge services in times of need.”</p>	2	<p>The Framework discusses the consumption of freely provided labour (volunteering) and facilities (e.g. acorn rent). These elements should be costed into the costing and pricing model as they may not always be free.</p> <p>Costing for surge services and pivoting depending on need experienced does not impact the costing and pricing process. It is the same process as costing for ongoing services.</p>



Theme	Round 1 Delphi Panel Survey Summarised Response	Number of Responses	Development Team Response
Costing is Resource Intensive	<p>Framework</p> <p>“The process of costing and pricing...can be resource intensive. This may divert funds away from service delivery, especially for underfunded organisations.”</p>	4	<p>This is true. However, the budgeting process, of which costing and pricing is a part, must be undertaken. If an organisation is not funded properly for a service its board are obliged to understand the impact of the underfunding on the organisation’s financial sustainability and costing and pricing is an important part of that process.</p>
	<p>Models</p> <p>“Requires a resource to produce, maintain and update the information so this in itself is a cost.”</p> <p>“What leads to its strength is also a weakness. Many providers are small, budget constrained organisations who are going to struggle to use the model effectively without specialist help.”</p>	5	
Different Funding Models	<p>Framework</p> <p>“The Framework assumes funders ask for costs rather than specifying the amount of funding on offer.”</p> <p>“...the Framework needs to tally with the funder’s established pricing and/or funding arrangements as this Framework is being developed for a specific funder...”</p>	6	<p>The purpose of the models is not for communicating costs to funders but for providers to cost and price their services. The Framework does not assume funders ask for anything relating to this process.</p> <p>The Framework does not need to tally with the funder’s funding model. Rather, it needs to cost the service provision model the provider has in place. The idea here is to understand the true cost of service delivery so that it can be compared to the funding on offer.</p>



Theme	Round 1 Delphi Panel Survey Summarised Response	Number of Responses	Development Team Response
Contentious Cost Allocations	<p>Framework</p> <p>“Allocating indirect costs and overheads often involves subjective decisions, which can lead to disagreements among stakeholders or inaccuracies if poorly justified.”</p>	3	<p>Allocating overheads and indirect costs does require subjective decisions. The process is iterative and, over time, organisations will likely get better at this process. However, there is no way of avoiding the subjectivity here. Additionally, it is not intended that the costing data be communicated to any stakeholder – it is a process for the board and executive to pursue in order to better understand their organisation’s financial sustainability challenges.</p>
Complex Staffing Costs	<p>Framework</p> <p>“The paper could include an acknowledgement of the increasing complexity of issues experienced by clients leading to higher staff costs...”</p> <p>“...39% of staff work above classification and 30% are required to work extra time isn’t costed...”</p>	5	<p>The costing and pricing process looks to cost the actual situation and so the issue of greater complexity should be reflected in the costing process itself. The Framework is not intended to describe the changing environment in which the provider operates.</p> <p>The Framework and models do not make assumptions pertaining to staff higher duties and/or extra unpaid time. This is up to the provider to consider and cost their inputs accordingly.</p>
	<p>Handbook</p> <p>“How does a 24/7 rostered service take into account shift penalties.”</p> <p>“Employment Type: Casuals are entitled to Family and Domestic Violence leave as well as LSL.”</p>	3	



Theme	Round 1 Delphi Panel Survey Summarised Response	Number of Responses	Development Team Response
Volunteers	Framework “We would value a review of how volunteers are represented.”	1	The Framework now contains more detail around the costing of volunteer time.
	Handbook “While volunteer contributions and donated resources are acknowledged as part of the cost base, the Handbook lacks detailed guidance on quantifying and integrating these elements into the costing models.”	2	
Based on Assumptions/ Historical Data	Framework “Reliance on predictions: the Framework depends on accurate forecasting of activity levels, cost variations and external factors. Forecasting errors can lead to significant financial mismatches.”	3	Yes, the costing process, like budgeting, relies on forecasting and there is no way around that need. Over time providers will get better at the process and timely feedback during the year will assist in refining the outcomes achieved.
Funding Gaps	Framework “While the Framework identifies funding gaps it does not offer concrete solutions for securing additional funding or managing chronic underfunding.”	1	The Framework and models are designed to support providers in costing and pricing their activities. It is not focused on financial management or increasing funding outcomes. However, providers cannot determine their funding gaps without appropriate costing and pricing.



Theme	Round 1 Delphi Panel Survey Summarised Response	Number of Responses	Development Team Response
Other Costing Challenges	<p>Framework</p> <p>“I found the Framework was light-on in terms of the costs of delivering quality services.”</p> <p>“External changes, such as policy shifts, regulatory changes, or unexpected economic conditions may not be adequately accounted for...”</p>	7	<p>The theory of change adopted by providers needs to be costed. The costing model does not change because the theory of change might be different. Therefore, providers need to understand their theory of change so that they can then cost it.</p> <p>The purpose of determining the profit required is intended, in part, to build an organisation’s balance sheet so that it can meet these types of contingencies. The unknown nature of these contingencies means they cannot be costed effectively.</p>
	<p>Handbook</p> <p>“Unclear how the risk of not being able to recruit into a position or vacant positions is factored into this model.”</p>	1	
Effectiveness/ Strategy	<p>Framework</p> <p>“How can a seller or buyer gauge whether the cost of the service is worth delivering?”</p> <p>“The emphasis on annual costing can make it difficult to plan for long-term sustainability, particularly for capital-intensive investments or significant policy changes.”</p>	3	<p>The Framework and models are only designed to cost and price the delivery of services. It is up to the buyers and sellers to determine whether the provision of said services is appropriate.</p> <p>The Framework does not emphasise annual costing. Organisations should cost iteratively within the year to make sure changes are being taken into consideration.</p>



Theme	Round 1 Delphi Panel Survey Summarised Response	Number of Responses	Development Team Response
Excel	<p>Handbook</p> <p>“We currently use Excel for budgets etc and it is cumbersome, error prone and time consuming. Other agencies have much more intuitive budgeting programs and systems to make it easy for all staff, not just staff who are familiar with how budgets work, to access, update, report etc.”</p>	2	<p>We have used excel as it is the most accessible (i.e., most human services organisations will have access to Microsoft Office). We are by no means suggesting that our tools should replace any software that organisations have already invested in. In the same vein, we cannot recommend/endorse the use of any particular software. It may be the case that organisations use the models as a learning tool and use their existing software for costing and pricing.</p> <p>The purpose of this project is to improve financial literacy, not to force organisations to use a particular software.</p>
	<p>Models</p> <p>“I would not want to be forced to use this as a requirement for government tenders for commissioning.”</p> <p>“We have invested in our own capability to compete our own costings and do not want to lose this investment we have already made and what has been successful for both governance and operational requirements.”</p>	1	
Health Professionals	<p>Handbook</p> <p>“Lots of detail, just focuses on health professionals - could this be health professionals and other specialist service professionals?”</p> <p>“What about classifications such as:</p> <ul style="list-style-type: none"> • Caseworkers/Casework Navigators • Support Workers - overnight and weekend for 24/7 service models? <p>or are these considered within the *Health Professionals category - Unlikely - difference between Health and Community Service professionals. Our organisation has all three in terms of direct client delivery.”</p>	4	<p>The purpose of the “Health Professionals” is to specify the different types of allied health professionals the organisation deploys to provide health services/allied health services to clients as separate products. This element of the models won’t be relevant to all organisations and can be skipped.</p> <p>Caseworkers and support workers should be specified in the “People” worksheet.</p>



Theme	Round 1 Delphi Panel Survey Summarised Response	Number of Responses	Development Team Response
Pricing/SDUs	<p>Handbook</p> <p>“The nature of the work of many programs is that a client will vary in how much support they need over time - so in the initial weeks it may be one or two days of a staff members time, then drop down to a few hours a fortnight, then ramp up as they prepare for program exit.”</p> <p>“How is this reflected in costing framework where the Service User is the woman however the baby/children and any combination of same adds to cost of service delivery.”</p>	3	SDUs do not necessarily need to be number of clients, it may be the case that a different unit may be more appropriate (e.g., hours) to account for different levels of service use.
Work Backwards	<p>Single Product Model</p> <p>“I couldn't tell whether there is an ability to work backwards? for example government puts out that a service will be funded \$500,000 and it could calculate what could be provided for this amount?”</p>	1	This is not currently something built into the models. The purpose of the tools is to assist organisations to understand what it actually costs for them to deliver a service. It is then up to the organisation to determine whether \$500,000 is a sufficient achieved price for the level of SDUs.
Start-up Costs	<p>Single Product Model</p> <p>“Could it be beneficial to offer a sheet for start up/establishment costs? i.e. the one-off costs to assist Boards/Execs to consider the upfront investment and associated risks?”</p>	1	Start-up costs associated with investment in capital can be specified in the Capital_Purchases worksheet. We welcome suggestions for improving this worksheet.



Suggested changes to the Resource Package

Theme	Round 1 Delphi Panel Survey Summarised Response	Number of Responses	Development Team Response
Need a summary version	Framework “A summary Framework would be very helpful.”	7	We will develop a schematic to summarise the costing and pricing process and illustrate the relationship between costing, pricing, budgeting, and tendering.
	Handbook “[T]ighter, less text, more diagrams” “May be worth developing some shorter 'cheat sheets' for people who need a bit of assistance, but not to the level provided in the full Handbook.”	6	
	Models “Perhaps simplify.”	2	
Include examples/case studies	Framework “Case studies and additional relevant examples would be of benefit.”	5	This is a good idea and could be included in a subsequent project.
	Handbook “Inclusion of a case study for utilisation of the model.”	2	
Language	Framework “Less accounting terminology.”	2	It is necessary for the language to be appropriate to the process and it is envisaged that the development of capacity over time will ensure uniform language is used.
	Models “May benefit from replicating some of the definitions from the handbook to ease usage.”	1	



Theme	Round 1 Delphi Panel Survey Summarised Response	Number of Responses	Development Team Response
Information about consultation process	Framework “A section on the local context or what consultation has been undertaken.”	1	Information regarding the consultation process will be detailed in a separate report. Much of the consultation is still underway!
	Handbook “[I]t needs to be more specific in how it aligns with work in the ACT.”	2	
Responsibility of Government	Framework “Make it the responsibility of government/program owners to do the work - without this the required costs and the funded costs will not align.” “I also think the capacity of government to apply this framework is low.”	3	While it is the board’s responsibility to ensure the costing and pricing process is undertaken correctly and that performance is reviewed regularly, the resource package is a tool for Funders to build their financial literacy.
What if Scenarios	Framework “Stress testing: introduce mechanisms to test financial sustainability under various ‘what-if’ scenarios.”	1	This is possible using the current model – changing the data will allow for what-if scenarios to be examined.
Error Checking	Handbook “A trouble shooting section could be added.”	2	This is a good idea. The models do currently have some columns that will highlight errors. We are open to suggestions for any further checks we can build in that may be useful.
Levels of Service	Framework “Consider thinking about levels of service. From a funders point of view this tells us the potential difference between different service costs. From a service point of view its helping to think about targeting services.”	1	We would appreciate more information about this to determine how best to include it.



Theme	Round 1 Delphi Panel Survey Summarised Response	Number of Responses	Development Team Response
Increase Flexibility	<p>Models</p> <p>“[N]eeds to be flexible to adjust fields as required, you cannot have a one size fits all.”</p>	2	<p>We have not put a password on the Model excel files, so organisations are welcome to adjust the worksheets to suit their needs (e.g., if they require more columns for additional programs etc.). Having said that, we would appreciate more information about where the models do not fit your organisation as this may be something we can change that will benefit other organisations in the sector.</p>
More detail for volunteering costs	<p>Framework</p> <p>“Page 31 - it is great to see you have added volunteer time as a cost. Volunteer costs [also] include training, coordination and supervision.”</p>	2	<p>These additional costs need to be accounted for when costing the organisation, they are not included in the costing of volunteer time. If the organisation has a dedicated Volunteer Coordinator on staff, they should be listed as a staff member in the “People” worksheet. If volunteer supervision is the responsibility of a Program Manager with other duties, the time they spend supervising volunteers should be considered when determining the percentage of time they spend on each program. If courses or licenses are paid for by the organisation for volunteers, these should be specified in the Direct_OH worksheet.</p> <p>Is this something organisations would like to be expanded on in the Framework?</p>



Theme	Round 1 Delphi Panel Survey Summarised Response	Number of Responses	Development Team Response
Longer contracts	<p>Framework</p> <p>“[T]ools should support organisations, in a high level of detail, to understand and project future costs ... terms longer than 1 or 2 years is the norm.”</p>	2	<p>This is difficult as different factors may impact different types of human services organisations. This level of detail is beyond the scope of this project. Instead, we have advocated for funders to provide for re-costing processes iteratively, funding top up arrangements, contractual resetting in the instance of material changes in the environment (e.g., major employee cost changes, significant regulatory changes) and/or exit strategies as the longer the costing forecast time into the future the greater the risk.</p>
	<p>Single Product Model</p> <p>“Multi-year should offer the space for organisations to enter data for up to 10 years, with a disclaimer similar to that offered in the Framework.”</p>	1	
Profit	<p>Framework</p> <p>“Might be helpful to have a bit more information about the misconception that a not for profit can't have a profit off a contract or built into service delivery towards the front of the framework.”</p>	2	<p>Agree. We have emphasised the need for profit in this version.</p>



Theme	Round 1 Delphi Panel Survey Summarised Response	Number of Responses	Development Team Response
Training	<p>Framework</p> <p>“Offer free or subsidised training programs for organisations with limited financial management expertise, ensuring wider adoption and effectiveness of the framework.”</p> <p>“Recommend accessible training programs to build skills in costing and pricing, especially for staff without financial knowledge.”</p>	3	Agree training is essential over an extended period.
	<p>Handbook</p> <p>“For small organisations and programs, there should be training and/or support available for them to learn how to use this tool properly.”</p>	2	
Cost of Interruption	<p>Handbook</p> <p>“Is there scope to look at costs of interruption in continuity? Whether this is temporary closure/ceasing of service or activity or in relation to an unforeseen event.”</p>	1	
Explain Formula	<p>Models</p> <p>“Users do not need to understand the formula construction but being able to follow the formulae helps, sometimes, in understanding what is required.”</p>	1	<p>While the worksheets in the models are protected, the formulas should still be visible in the formula bar. Where names have been used, the relevant cells can be viewed in <i>Formulas > Name Manager</i>. We have also specified the column formulas in Row 7 for the longer worksheets.</p> <p>Are there any formulas in particular that should be explained further (e.g., added to the Handbook)?</p>



Theme	Round 1 Delphi Panel Survey Summarised Response	Number of Responses	Development Team Response
Transitions	<p>Models</p> <p>“Transitions are not costed for and should be.”</p>	1	We would appreciate more information about this to determine how best to include it.
Revenue Funding Types	<p>Service Provider Model</p> <p>“What about Investment Earnings?</p> <p>Consider separating Donations and Fundraising, or at least including partners, for example: Donor, Community and Corporate Partner Funding</p> <p>Fundraising (Events)</p> <p>Any reference required here also for Service User Social Enterprise Model Revenue.”</p>	1	<p>The Funding_Sources and Funding_Summary worksheet were late additions to the Service Provider Model. The purpose of these was to evaluate the price achieved and the target price gap, so less detail was put into the breakdown of different funding types. These details (e.g., Social Enterprise revenue, fundraising (events)) can be specified in the “Funding Description” and “Source” columns, although they will still be condensed in the Funding_Summary page.</p> <p>Is this something organisations would like us to expand on?</p>



4.1.2 1st Strategic Reference Group Round Table

The Strategic Reference Group Round Table took place in January 2025 and had 10 representatives from the ACT government and human services sector in attendance. Key themes identified from the Round Table transcript are summarised below.

Theme	Round 1 Round Table Summarised Response
Length of Document	<p>“...on behalf of other people from inside ACT government who asked to have a look at the material and they basically went, oh my goodness, there's such a lot. It's so long and it's so detailed. And wow. So I think that probably is the higher order feedback from people inside government. Of all of this material – which is potentially fine – what is it that I'm actually going to need to use? I think, is the question that I heard most often.” – <i>ACT Government Participant</i></p> <p>“So it is quite meaty, which is not a bad thing because there's a lot of technical terms. And for a non-financy person like myself, it really helped to have some detailed definitions.</p> <p>...But also having the option for a bit of a Cliff Notes version as well. So you've got sort of the detailed guide and then you've got a quick reference guide would be useful.” – <i>ACT Government Participant</i></p>
Examples	<p>“But maybe in the definitions, having some more examples, there are some examples peppered throughout. But I think personally every definition needs an example, like a real-life example about what that means.” – <i>ACT Government Participant</i></p>
Case Studies	<p>“What would be handy would be ...some case studies of what's been done well and what's not been done so well previously. So, what have been errors and what have been successes in various bids.” – <i>Human Services Organisation</i></p> <p>“My first thought is when you're talking about providing some case studies, I wonder whether using that sustainability framework⁴ that you have that you can either be, you know, there's those three stages you've got in sustainability, you can have that you comply with, you're not trading insolvent. And then there's the short-term sustainability and long-term sustainability. And maybe it might be helpful to show what a bid looks like to not trade insolvent, but then what it's missing in terms of being at that third stage of sustainability. That might be a very practical way to present that sort of the case study of what is inadequate versus what's adequate.” – <i>ACT Government Participant</i></p>

⁴ This comment referred to a figure on page 8 of *The Not-for-Profit Balance Sheet: A Resource for Directors and CEOs* (Gilchrist & Etheridge, 2020). The figure is also included in the Framework. (Access here: <https://www.uwa.edu.au/schools/research/centre-for-public-value/publications>)

Theme	Round 1 Round Table Summarised Response
<p>Audience: Relevance to Funders</p>	<p>“For me, the framework and a lot of the content is geared towards providers. If I was a government employee looking at this... there was a huge question in my mind of what is my role in this and where do I, like what parts of this whole process, this costing and pricing element, do I provide my influence or input or where can I assist in that whole thing?” – <i>ACT Government Participant</i></p> <p>“...part of the critique that I heard through the work I did during the July 2023 to December 2024 is an expectation that people in government get to be a bit more technically proficient about this. So, I can understand that it may be presented in a way that's overwhelming, but it's actually really important we don't dumb it down and simplify it to the point where we're at the same point we are now, where people without sufficient technical expertise are assessing proposals.” – <i>ACT Government Participant</i></p> <p>“...we need the people who in the end receive proposals to understand all this background and detail. Because if they don't, on what basis are they assessing the proposals and are they monitoring for risk? ...this bid is \$20, that bid's \$25. But if they don't know to ask the right questions and to scrutinise the bids with this kind of framework in mind, then they won't necessarily know whether the \$20 or the \$25 is the best value for money. So I guess that's why I react a little bit to people being concerned about how detailed and complicated it is, because I think if we don't understand the detail and the technical foundations, then we're not going to be having good decisions made inside government.” – <i>ACT Government Participant</i></p> <p>“And ...the understanding of the people who manage bids of what makes up a bid. So, if I do a bid for \$10 an hour, and someone comes in and does a bid for, you know, \$50 an hour, we can't have the bid manager just dismiss the \$50. They need to understand where it comes from, potentially have the questions in the front of their mind to question the bid that comes in, because, you know, \$10 an hour is just not sustainable. ...making sure that the people who are, assessing the bids, doing it with an understanding of the full costing model that's needed to deliver services.” – <i>Human Services Organisation</i></p> <p>“So when their operational teams say, well, we've costed this using this framework and we don't think it's a good idea for us to bid for it because it's not going to work for us, that there's a tool available to facilitate that conversation. ...one of the complaints of the sector is that government says ...we've got \$200,000 to do this. And the sector come back to them and say ...you want 50 clients provided with a service for that \$200,000, and that's not enough because of these costs. ...part of this process was about building some better understanding within government about what we all agree needs to be incorporated into that pricing of proposals when they're going through the budget process. And, you know, budget processes don't always deliver the full pricing, but the government understands what they're not funding before it goes out to the sector.” – <i>ACT Government Participant</i></p>

Theme	Round 1 Round Table Summarised Response
<p>Framework should not be mandatory</p>	<p>“I guess I just have a bit of an initial reaction to the expression one size fits all because there is so much diversity in the sector in terms of how big some of our organisations are and what sort of structures we have in place already. So, for example, ...we employ about 400, 450 people. We have a finance team. We sent them this matrix and the handbook and asked them to look over it and they didn't have an issue with it, but I look at it and I'm overwhelmed by it, right? But the people who we pay to do this work didn't have an issue with it. But what the concern is that ...this model could be, I guess, imposed on the sector and organisations like us who actually already have the structures in place. So, I'm happy to kind of provide feedback. And I agree with what's been said before, but we wouldn't want to see this model be imposed on our organisation.” – <i>Human Services Organisation</i></p> <p>“In terms of how organisations use these costing tools, I think the intention always was that organisations could use these periodically and in that way they could update their pricing based on that landscape change that you were just talking about, [name]. They don't have to use the tools that way. It's up to them if they want to. And obviously, as [name] said, the [organisation] already got a whole lot of systems in place. Why would they want to swap across to a new tool?</p> <p>But in terms of the question about would government mandate it, one of the conversations that we've had with UWA is about the idea that if we had this costing template that our internal folk are trained on and the sector is trained on and we use that as part of the procurement templates when we seek tenders or bids from the sector, then we know that we're going to be getting information from the sector in each of those bids which has been developed in the same kind of way and that gives us pretty standard information and hopefully our evaluation panels will be able to use that information for the purpose of evaluating that tender, but also the government can use that information for the purposes of building its better understanding about what full cost pricing looks like over time. ...So one of the ambitions of this project is that if we're gathering that information through tender processes in a consistent format, we should then be able to use de-identified versions of that information potentially to help us understand the costing and the cost drivers in different parts of our system. And for that then to inform the work we do internal to government around decisions about budget allocation. Is that something that members of the sector are comfortable with the idea of? Or is that the kind of mandating, [name], that you were saying you didn't think ...we should have?” – <i>ACT Government Participant</i></p> <p>“Actually, my understanding is that the instructions for this or the framing document is very clear to say this is not a requirement of any organisation to do. It's that it is a framework for organisations who don't already have established systems and processes and kind of sophisticated finance teams, that this provides a resource that may be a valuable addition to what's available internally.” – <i>ACT Government Participant</i></p>

Theme	Round 1 Round Table Summarised Response
Purpose/ Communication	<p>“...I just wonder whether there's a need for a bit more commentary or a bit more material in the guidance documentation and in the framework to flesh out those differences between assessing a bid as a purchaser and presenting a bid as an organisation and or a proposal for a grant if it's not a contract, and understanding within your organisation what's changing in terms of the cost of operating your organisation and providing the service that you're seeking to provide and, you know, changing which services you provide or adding services to the mix like that's one of the real strengths of this material that it works really well ...for an internal audience to an organisation ...but actually we know that in practicality when this lands it will be used as part of the procurement process like it will inform the procurement process in one way or another. So we probably need to get a bit more information and guidance in to assist with that component of the use of it. Because it's a risk. I think that people are, like a lot of the things that are being raised today are about mitigating the risks of a tool being misappropriated. Yeah.” – <i>ACT Government Participant</i></p>
Efficiency	<p>“...it'd be a good addition to maybe explore efficiency and costing a little bit more in the framework. It is mentioned throughout, but looking at what that means and I, like I've had a look at the spreadsheets and obviously haven't backtracked all your sort of your formulas and things, but looking at maybe efficiency scores, you know, I think on tender panels, we can look at sort of big organisations and, you know, make assumptions that they have sort of efficiencies built in compared to maybe smaller organisations. But understanding that in a little bit more robust way, I think would be really helpful as well.” – <i>ACT Government Participant</i></p> <p>“just wanted to clarify, I didn't mean that there needs to be reference to organisations being more efficient. It's more ...we don't want to discard organisations that may be, you know, smaller organisations, so their cost and their overheads is a little bit more expensive, whereas bigger organisations can, you know, maybe have centralised governance functions, and then so that admin support is sort of spread across multiple programs. We want it to be obviously an equitable playing field from an assessment point of view. So I just want to clarify that it's not about organisations being more efficient. It's how do we look at efficiency and make sure we're assessing costs fairly, I guess, not to disadvantage some organisations over others.” – <i>ACT Government Participant</i></p> <p>“Yeah, I just thought in terms of the conversation around efficiency, it's important to understand that this tool is one of a range of tools and resources that have been developed out of the project. And one of the other tools is an explanation of economy, efficiency and effectiveness in human services that that would that could sit alongside this. So it's actually important to understand. And that was built around the input we received through the project and looking at the literature around how to genuinely understand the components of economy, efficiency and effectiveness in human services, which is different from building a building or purchasing paper or purchasing cleaning services.” – <i>ACT Government Participant</i></p>

Theme	Round 1 Round Table Summarised Response
Focus on Viability	<p>“Just reflecting on the comments made by [others], I guess my reflection too is this shouldn't be focused necessarily on just new contracts. I think we need to be focused on the viability of previous contracts that already sit within a business, because we know that costs continue to increase year on year and the CPI and the indexation and analysis, and you've done a lot of work in that space, you know, isn't necessarily adequate. You know, there's other elements such as insurances, licensing costs around like databases, you know, professional development for staff, EAP wellbeing for staff, I think I really need to be factored in around funding that's already been provided and how that can be, that money is available to be increased to be able to support that staff. ...I think for many of our organisations, like, we're really keen to look at how we can build efficiencies. But ...to do that is significantly expensive. Like, there is not just the qualified staff within your business that can help with that. There's external people and, you know, product that you need to purchase to make that happen. And that does not sit within any government contract. Like, that's just how do we invest in ourselves to try and make those things happen. And I would really, and as much as I know organisations that have some ability to do that, welcome that. I think we need to not lose sight of the unique value proposition of some of the very small organisations that deliver very bespoke quality services that obviously need support and need to stay in their own identity. And how do we, as a community, make sure that those organisations are supported and don't fear that they're either going to be consumed by someone else or will potentially be going insolvent because they're not supported in the right way? And what's the framework that nurtures and supports organisations such as that?” – <i>Human Services Organisation</i></p>
Free Text Box	<p>“I understand where there needs to be some harmonisation so there's consistency across organisations. And as you mentioned, there is accounting standards that everyone has to work towards and everyone needs to be financially viable going forward. I'm wondering whether there's part of a framework then is like a free text box per se, where people can talk about the nuances within their business. And that might be around where there's different complexities around the clients that you're working with. It might be around where something within a contract means that it won't be viable and those types of things that might then be helpful. So, it can be both standardised but also have that balance of that unique approach as well.</p> <p>I think it's both [for internal and external users]. And I think it just gains a greater understanding, both for government, as well as the organisation itself, to reflect upon what are the cost drivers across an organisation?” – <i>Human Services Organisation</i></p>

Theme	Round 1 Round Table Summarised Response
<p>Consistent Approach</p>	<p>“It lends an element of consistency with what all other organisations are doing. And I think that that's really important because every organisation may have or think they have a good understanding of their costs, but we really don't know where we stand in comparison to others. So I think having this consistent approach would really help. But I think the important bit is the definitions of what needs to be considered as cost. And I think that that's what's going to be really important. Even understanding of cost differs between organisations in terms of on costs and depreciation. For example, a lot of organisations I'm sure don't even cost depreciation because it's a non-cash item. Okay. But because no one really thinks about replacing buildings and everything. So that, I think that's a good case in point. And that's where all these definitions come in for it to have some real value. I think the understanding has to be consistent between organisations.” – <i>Human Services Organisation</i></p> <p>“...If you can start to build a body of information around the way people are costing, you can start to think about getting to some reasonable benchmarking data. Whereas at the moment, when we talk about what's a reasonable expenditure on this, who would know? There's no framework for understanding what is the right cost of something. But that would be a long way down the track.” – <i>ACT Government Participant</i></p>
<p>Government Supporting Full Costing of Services</p>	<p>“The key thing that was said in the first workshop we did as part of the Sector Sustainability Project was people needed permission to put a properly costed proposal to government. And to the extent to which this provides a framework that government agrees is the right framework for costing a proposal, I think it's really valuable. That's the thing that people have felt frustrated with and have felt there's been no appetite in government for a fully costed proposal ...and that that has eroded the capacity of organisations to fully cost proposals. So I actually think this is incredibly valuable in counteracting ...that really corrosive cycle.” – <i>ACT Government Participant</i></p> <p>“I think we kind of hoped it had the potential to achieve that when we proposed it as part of the response to Counting the Costs, right, recognising that this was a genuine issue. The assumptions that people make both in the sector and in government about what services cost has been a barrier to sustainability for a really long time. I think what we need is not just theoretical permission for organisations to put in full cost bid, but that has to filter down into the behaviour of assessment panels, and it has to filter down into the behaviour of contract managers, and it has to filter down into the way organisations price and provide things to government. So for me, the eternal optimist about it's not just a document, but it's actually something that's going to change behaviour. And what do we need to do to achieve that behaviour change in a sustained way? That's ambitious. ...We can't take it as a given that just because we produce something that's good and worthy, that it's going to actually make a difference to things.” – <i>ACT Government Participant</i></p>

Theme	Round 1 Round Table Summarised Response
<p>Increasing Trust and Financial Literacy in the Sector</p>	<p>“Look, I just want to commend everyone that's been part of this. I mean, it has been talked about for many, many years. My sense is that the sector is still going to be very nervous about something like this rolling out. I do wonder whether there's a rollout across the sector around like the cost price model that can be socialised across the sector, particularly for small to medium organisations to familiarise themselves over like one to two budget cycles internally across their own business to really better understand their own costing and pricing. And while that's happening, there could be that sense of where government is learning more around all the things that we've talked about today around, you know, the nuances of what does it mean for the human services organisations to be sustainable. And then we could look at, you know, year three, then how do we use it as part of a procurement tender bid process. And I'm sure there'll be lots of conversations in between all of that. But I think until there's trust, I think the sector will be very nervous around what government's going to do with information. So I think where we can find good examples to share where people have used a cost price and where it's made a difference and they've made being able to make better informed decisions. And maybe that's something that [peak] can pick up and do some stories around where organisations have used these tools and it's worked well. And we can have some ambassadors around that and where government can share what they've learnt around certain things and just have a bit more of a communique over a period of time until people start to feel there is some trust.” – <i>Human Services Organisation</i></p>
<p>Webinar/Training</p>	<p>“...As part of your work, you are going to be developing a webinar, aren't you? So there will be some fundamental training that will be and foundation training that will be provided as part of this consultancy, which will be available on an ongoing basis. But what I'm thinking in terms of timing, I think it would be really valuable to know from government if you had to participate in a one-hour workshop, a webinar, and thinking then there's some time afterwards for people to explore and discuss, how many staff would you need to do that to have your contracting and contract management teams trained up? And so what practically would be the timeframe that all people within government could actually get trained up on this. And then I would have thought that given people in government roles change at least annually and sometimes more frequently, that it's probably an ...ongoing training regime that's needed rather than a one-off.” – <i>ACT Government Participant</i></p> <p>“And also, potentially, maybe like an e-learning or something, how do you use it? Because we know that, you know, detailed documents are great, but often people are doing this work on the run or, you know, in and amongst a multitude of other demands and particularly something like maths and finance, people can just, you know, sort of shun away from it. So, some sort of e-learning interaction, just show me how to do it, might be a sort of supportive approach as well.” – <i>ACT Government Participant</i></p>

Theme	Round 1 Round Table Summarised Response
Peppercorn Rent/Volunteers	<p>“In the ACT, if an organisation is getting peppercorn rent, the most likely landlord is, in fact, the ACT government. Government, yeah. It's potentially true that there are some philanthropic landlords out there that are also giving space to community organisations. But largely, it's probably an ACT government thing. And so I guess my question is, if the ACT government is saying on the one hand, we're going to let you rent for a dollar a year. And on the other hand, giving money that's supposed to reflect full cost pricing for the service they're delivering on behalf of government. Really, we're just cost shifting between different parts of government, aren't we? Right, so property group is paying for the cheaper cost of service that is being delivered by some other portfolio. And so how that's reflected in what a full cost actually is, is the question.” – <i>ACT Government Participant</i></p> <p>“I guess my thinking is along similar veins. I think about the rent and whether it's peppercorn or whether it's so-called subsidised by the ACT government. I think what we know is the fact that nothing ever lasts forever. And that we could have something gifted to you for a period of time, it doesn't mean it's going to last throughout the entire length of a contract. And therefore the community sector is always living on shaky ground of what you can afford today may not be what you can afford tomorrow. There's many community organisations that can't even get a lease at the moment renewed through ACT Property Group. So we're living not even knowing where we're going to be next year or next month. So that's another thing. And then I think I was going to mention something about the volunteers, but I think you've explained that perfectly. And I'm in full agreement of that. And again, with philanthropy, Often we will not see philanthropy supporting an organisation around a particular program for extended periods of time. It's generally they will want to do something for a short period of time and then move on to the next thing. Or you need to demonstrate what value you're giving back to them to even get it in the first place. So I think, again, that works for some types of community and NGOs, but certainly not for all.” – <i>Human Services Organisation</i></p> <p>“I mean, I think what we're looking at here is across the community sector, we're not on an equal playing field as it stands. And that if a organisation that owns a building that is claiming an expense, and I agree that with depreciation and upkeep of a building, there is an expense there. But there is more likely that that part of that money will go into their profit cycle than an organisation that has to pay commercial rent, where the profit that they would get, any profit that might come out of a particular contract would be left. So... I think parking some of those, being aware of them, but parking those anomalies, I think is probably really important when you're assessing the value and the quality of a service that's going to be delivered. But having a conversation also around any profit that might be made that is reinvested, we're not for profit organisations, we're reinvesting in ourselves, but being able to retain any efficiencies or profits that might happen so that we can continue to invest in ourselves, I think also needs to be part of a conversation at some point.” – <i>Human Services Organisation</i></p>

Theme	Round 1 Round Table Summarised Response
	<p>“I think we're actually asking for two different things that are similar but different. So I think it's really important that we know the full costs, even if an organisation's paying peppercorn rent. I think it's really valuable to know how much full rent would be in the event, as others have said, if the government decides to take it all away or whatever happens. But also it's important to know if people are paying peppercorn rent how much out-of-pocket they are as well. So I think we need both elements really to get a full picture.” – <i>ACT Government Participant</i></p>
Redundancy	<p>“Yeah, so generally, and I'm speaking from mostly government funded contracts points of view. There's normally a specific clause in those contracts which doesn't allow us to accrue for redundancy for the funding received. And it's almost a moving feast because how many do you generally think are going to get redundant? So it's not like a specific entitlement like superannuation where you can take a specific percentage of your gross wages and then include that as a cost. So and this is completely from what we've done in my experience is if redundancies are to be incurred, it's just a small percentage on top of the on costs that are provided. So you have your specific on costs like superannuation, workers comp, leave accrual, and then you add a certain percentage, say 1 or 2%, which then becomes part of your redundancy costs. Because you'll use the whole wage line as a basis. So you'd expect that to be enough to cover any unforeseen redundancies.” – <i>Human Services Organisation</i></p> <p>“I wonder whether this goes to a direction to government, which is to make sure, and we have done some work on this during the project, that we actually have a clear and accurate description of all the policy settings that are relevant to these kinds of, to responding to funding proposals because ...there has been this history in ACT government of saying people can't put money aside for redundancies and then when a service is defunded and the staff need to be made redundant, the organisation's like, well, for 15 years I've been doing this service and you've been telling me I can't build a redundancy fund and now I'm liable for redundancies because of a decision you've made. And so when the transition policy was developed, that is now government policy, it very clearly states that people can put aside funds to pay for future liabilities according to their regulatory and legislative obligations. Um, and that's code for, you can create a redundancy fund, but I'm not sure that everybody understands that. So I don't think that's a job for this tool or resource, but it is a job for government to make sure that it's very clear and transparent what actually the government policy is, because there's been some significant shifts and that, that should help in this new and, you know, to have a better operating environment into the future.” – <i>ACT Government Participant</i></p>

Theme	Round 1 Round Table Summarised Response
Accounting for Anomalies	<p>“I'm curious then ...around what's the cost of the business versus what government will fund. ...In the ACT, there's a long service leave portal. So we're putting money into that. So you could have a staff member that joins you for a number of weeks and then they decide to take long service leave and you've employed them to deliver a program. And then you have to like either find someone within your organisation or recruit again for that gap so that you can actually continue to deliver a service. ...We are often recruiting people with lived experience and all the rest of it. So that sense of sick leave that often happens or people often leave without pay because they've already used all their leave. ...these are the anomalies that I think that we experience every single day. How does that fit into the models?” – <i>Human Services Organisation</i></p>

4.2 Round 2

4.2.1 Delphi Panel Survey

Between February and March 2025, representatives from the ACT human services sector were invited to review the summarised feedback from the Round 1 survey and the revised draft Human Services Costing & Pricing Resource Package. The Delphi survey was sent out to 172 representatives from the ACT human services sector and 21 responses were received.

This section presents the full set of responses received from participants in the Delphi Panel Round 2 survey, arranged by theme.

Strengths of the Resource Package

Theme	Round 2 Delphi Panel Survey Response
Comprehensive, Clear, Detailed, Thorough	<p>“This package looks very useful and comprehensive.”</p> <p>“From a non-accounting background, the framework was comprehensive and does cover the key aspects that an organisation needs to consider.”</p> <p>“I found them very comprehensive and for many smaller organisations, the level of detail will be helpful. Some level of instruction should be available for those who take it up - as I do think it might be overwhelming on first observation.”</p>
Easy to read	<p>“The structure of the resources is clear and articulate and there is logical sequence to follow to understand the purpose of the framework and how to use the suite of resources.”</p>
Standardised Language	<p>“What is the prospect of greater interoperability of definitions – this capacity would permit comparisons between services, and between NGO and other services (eg Govt or private)?”</p> <p>“With regard to agreed costing terminology, this does require government to sign-up to and to be reflected in their procurement process/documentation to avoid and minimise confusion.”</p>
Provides an understanding of costing and pricing	<p>“For a non-financial operative, the framework does a good job of helping to set the foundations to have a costing mindset - as opposed to developing and training to become a financial expert.”</p>
Role of Funders	<p>“How does the Govt know what price to set if they do not understand community pricing pressures? What does this mean for intelligent commissioning?”</p>

Weaknesses of the Resource Package

Theme	Round 2 Delphi Panel Survey Response
Length of document	<p>“Whilst I agree with the comments that the framework and handbook are quite content heavy, I also cannot see how this can be avoided given the subject matter. Diagrammatical explanation of some of the framework content may help, however one can also easily extract relevant sections from the framework for respective audiences.</p> <p>Perhaps it would suffice to say that for organisation directors that the framework is the suggested text, whilst for those involved with the financial aspects or procurement side of the organisation may be instructed to read the whole suite.”</p>
Accounting terminology	<p>“Re: accounting terminology some judgment will need to be applied here in terms of how these are used/referred to. That is, from a costing and accounting sense, it is important to be clear what we mean i.e. what are direct/indirect costs versus terminology used in a business decision making sense at the strategic/investment level by a board of directors.”</p> <p>“[S]implified version of key concepts with layperson-friendly explanations would be beneficial. assumes organisations already possess financial expertise and systems.”</p>
Audience & high level	<p>“When I think about the size and scope of the range of organisations we work alongside, I can see how there is some anxiety that this may be a tool that is only helpful for larger organisations who employ business managers / tender writers or people with high financial literacy.”</p> <p>“I think there could be benefit in having some examples of the matrix being filled out - with a made up organisation of X staff with X costs etc. There is a concern that the proposed model cookie cuts a very dynamic sector with varying degrees of complexity, risk appetite, liabilities and costs.”</p>
Responsibility of Government/ Funders	<p>“The framework is being developed for a specific funder, the ACT Government. If 'funder' is replaced with 'ACT Government' then I believe feedback would change considerable. While the ACT Government is not responsible for organisational theories of change, it does determine program outcomes in many cases.”</p> <p>“Overall, it seems that there is still a disconnect between how organisations cost their services, and government provides funding. I understand the purpose of this, but the feedback suggest it perhaps isn't that clear how it is intended to be used.”</p> <p>“Agree to the need to include markup and important to keep it there and visible so as to change the narrative for funders and providers to understand that long term viability relies on sustainability. “</p>

Theme	Round 2 Delphi Panel Survey Response
Consultation	“[T]he responses to the comments [don’t] suggest that changes will be made to incorporate the feedback.”
Training	<p>“Costing and pricing require significant time and expertise, which may be a challenge for small or underfunded organisations.”</p> <p>“Will there be a training component that sits alongside this? That could be very useful.”</p>
Different Funding Models	“There is also a concern that as the model effectively mainstreams the sector, it makes life easier for those doing tender assessments etc, which is not a fair use of the tool.”
Framework should not be mandatory	“I understand the concern that governments will take this and decide to force people to use this - the sector has been burned by those sorts of decisions before. Even though that is not the intent of this, the anxiety that it may be used that way is a reasonable fear.”
Start-up Costs	<p>“The start up costs section needs to include not just capital purchases, but also the staffing hours required to set up a a program. This may include consultation, research/data collection, the development of logic models and evaluation processes, human resourcing for project planning, communications.”</p> <p>“There is a difference in costing a multi year service from inception to operating and evaluating. I am unsure as to how this tool will manage or support a varying approach over a multi year contract when one is start up costings, another operational and then operational with evaluation.”</p>

Suggested Changes to the Resource Package

Theme	Round 2 Delphi Panel Survey Response
Language	<p>“When the resources are used in conjunction with the framework then definitions are adequate.”</p>
Responsibility of Government	<p>“I have some suggested edits to the Framework: Page 4 - strengthening people’s understanding of all components to be included in costing of services and the drivers of changes in costs - is one of the greatest challenges faced by human services providers, funders, and governments in Australia.</p> <p>(1) To establish a shared language including agreed terminology and practice; (2) To support capacity building in costing and pricing with a view to enhancing financial literacy and organisational financial sustainability; and (3) To allow organisations to understand the comprehensive cost of service delivery so they can compare that to the funding arrangements offered by governments and philanthropists.</p> <p>Page 5 - (3) It is not the government’s responsibility to cost and price services. Funders offer an amount of funds that will be available to funded organisations and it is up to the tenderer/grant seeker/provider to accept that price or not accept it. The purpose of costing and pricing is for organisations seeking funding to understand the ramifications of accepting a price that does not cover all costs and deliver an appropriate profit, and to determine whether and how they will negotiate a funding arrangement.</p> <p>Page 6 - (12) The resources are designed to provide technical guidance, and can be used as a costing tool, and/or as a tool to cross check current costing and/or pricing tools already used by organisations; and</p> <p>Page 30 - (e) It is the responsibility of the organisation seeking funding to determine whether the price that will be charged for the service provided is appropriate. The board of a provider must be confident that the financial sustainability of the organisation can be maintained within the context of the funding levels offered, and whether funds from sources beyond a government funding program will co-contribute to recovering the cost of services provided.”</p>
More detail for volunteering costs	<p>“[D]on't think any further expansion that what has been provided would be required.”</p> <p>“While developer feedback addresses the questions raised, given the utilisation of volunteers in the NGO sector, expansion of volunteer costs in the framework would be helpful.”</p>

Theme	Round 2 Delphi Panel Survey Response
Training	<p>“As highlighted in previous comments, a training and development package needs to be implemented to support these resources. Many policies, strategies, processes have fallen over when considered that sufficient information is included in the written document, and time to immerse oneself in the content and discuss it with more people who understand it is not factored in and resourced. Case studies are powerful tools to build into such package.”</p>
Cost of Interruption	<p>“[W]ould be useful to incorporate something that takes in to account a break in funding/income. i.e a funded program ceases at 30 June and the Budget is announced and the funding has been renewed for 3 years however the department doesn't do a bridging contract and as such there is no money coming in from Government until the end of the 1st quarter.</p> <p>Reason for including this is it does have a material cost in management of that issue but also as there is a risk cost attached to making payroll etc when the program has not received money”</p>
Transitions	<p>“Re: Transition costs and considerations, ACT Government has, as part of commissioning published the Human Service System Transition Policy: https://www.communityservices.act.gov.au/_data/assets/pdf_file/0010/2408689/Human-Service-System-Transition-Policy.pdf</p> <p>Akin to this costing resource suite, the policy was also seeking to enhance sector knowledge on transition planning.”</p>
Revenue Funding Types	<p>“In answer to your question - yes this is something that should be expanded on. It is important to identify the sources of funding, particularly if a govt contract is funding a service in part, but is requiring 100% of outcomes to be reported on. For example, a service is funded to support 15 clients but is supporting 20 clients using service generated non-govt funding in addition to govt funding. It makes no sense (and would be difficult) for the service to only report outcomes on 15 clients particularly if a legislated client management system is in use that requires all clients to be entered into the CMS.”</p> <p>“There is sufficient ability to provide detail here as it is currently provided. This is a costing model so detail of funding types is not the primary objective.”</p> <p>“Expansion here would be helpful.”</p>

Theme	Round 2 Delphi Panel Survey Response
Benchmarks	<p>“Is it expected that this work could generate benchmarks - a bit like the National Hospital Costing Study, which has established a similar bucket of definitions and cost handling protocols, here https://www.ihacpa.gov.au/resources/national-hospital-cost-data-collection-nhcdc-public-sector-2021-22</p> <p>I note the University of Canberra's application of a 'VCode', as part of its mapping of mental health services in the ACT. This VCode reflects the level of stress felt among NGO providers, reflected in their capacity to develop a budget beyond the current financial year. The short term nature of funding available to NGO services has a material impact on their capacity to budget, plan and account for their services. I think this could be more clearly enunciated in the tools.”</p>

Interest in Training

In the Delphi Panel Round 1 survey, a number of panellists noted that they would be interested in costing and pricing training. To explore the appetite in the sector, the question “Would you be interested in any training to build your capacity in costing and pricing?” was added to the Delphi Round 2 survey. A total of 12 out of 21 respondents answered ‘Yes’. Of those who answered “Yes”, five respondents elaborated on their answer:

- “Yes. Training tailored to different audiences would be beneficial e.g. executive training and governance training”
- “This will be crucial for the whole sector. I have considerable concerns that without training being provided, most serviced will receive this package and it will sit on a shelf or in an inbox and be ignored.

Training should also be provided to the funding bodies so they understand how we cost our services.”

- “It is important that free training is offered to the community sector. This should be tailored to different types of organisations - e.g. volunteer led, small, medium and large, service delivery, peak bodies etc - due to their different requirements. There should also be designated training for funders (i.e. government) so they can understand the full costs to community organisations of running programs/services and to reinforce the need for orgs to 'mark up' in order to be sustainable.”
- “I think this is always important. However I think training for middle management is essentially as they run program budgets etc and upskilling them as the future custodians of the organisations.”
- “Depending on length, location and nature of training.”

Of those who answered “No”, four respondents elaborated on their answer noting that they already possessed the relevant skills due to holding a finance role in the organisation though some acknowledged that training would be useful for other stakeholders:

- “No, all good.”
- “My organisation is well resourced with a fully developed finance and accounting area. I do think training should be provided however for smaller orgs.”
- “I am not a service manager. Joint training between govt and non-govt employees around a shared approach to costing and pricing would be desirable, building understanding of each others' circumstances and processes, and increasing overall system transparency.”
- “I am in a role that is relevant to costing and pricing.”

Final Thoughts

Finally, before submitting their responses, participants were asked if there was anything else they would like to add. Comments were received from seven respondents which ranged from thanking the team for edits made to the materials to raising concerns about the implementation of the resource package. Specifically:

- “[G]ood to see the feedback provided has been integrated and provided back to people to see. Very interesting to see the themes emerging from this as well.”
- “The changes made following Round 1 are helpful, thank you.”
- “Overall, the package is comprehensive and valuable, but the feedback highlights areas where accessibility, usability, and contextual relevance could be improved. The biggest challenges lie in balancing financial literacy with practical usability, and ensuring that small and underfunded organisations can efficiently apply the framework.

By implementing simplified versions, training resources, practical examples, and enhanced board-focused tools, this package can become even more impactful for the sector.”

- “I think the handbook and costing models are good resources for the NFP sector and thank UWA for your work on this.

I would like to pass on feedback that the purpose of commissioning this work from CSD, and comments and feedback at the steering group meeting, that I feel this project will make little or no impact into how the ACT Government will procure future services. The current commissioning process is not commissioning, but competitive tendering. Feedback from CSD it is apparent that these tools will not be used by government to educate on the true costs of quality services, and if their perception is it is for Boards of NFP's to learn how to cost tenders correctly then I am not sure there will be any impact of this project. This under current of sustainability being NFP's not having any skills in financial management and not due to the starvation cycle feels like it is an entrenched view of the bureaucracy.”

- “I think clarity that the ACT Government does not intend to use this as a requirement in RFQ processes or that we won't be contractually compelled to file these with acquittals would be great.”
- “I look forward to the next iteration of the documents.

If you want more engagement, you may wish to provide some sort of online info session to talk people through the project - I have mentioned it to quite a few people, and they don't understand what you are doing, why it is important and how it fits into all the other work going on around funding in the ACT.

I am concerned this important project is getting mixed up with other consultations that government is doing, or has funded other unis/consultants to do, and people think they are contributing to this but actually are not.”

- “As noted in the Framework, the current approach to managing costs that are above the price offered by funders put risk on people accessing services (reductions in services because funding does not fully cover cost to meet all needs) and/or risk on organisations delivering services (absorb the gap between cost and price and become less sustainable over time). Is there scope in these resources to strengthen/highlight the narrative about sharing of risk by funder.”

4.2.2 2nd Strategic Reference Group Round Table

The Strategic Reference Group Round Table took place in February 2025 and had 10 representatives from the ACT government and human services sector in attendance. Key themes identified from the Round Table transcript are summarised below.

Theme	Round 2 Round Table Summarised Response
Clarity/Purpose of Resource	<p>“The new section up the front of the framework, which is quite detailed around the purpose of this exercise and the extent how it can be used by different parties, is pretty clear” – <i>ACT Government Participant</i></p> <p>“Thanks for the resources. They're incredibly detailed and comprehensive and I can really see the utility of these particularly for smaller under resourced orgs that may not have that expertise and capacity in house.” – <i>Human Services Organisation</i></p> <p>“If the people who are on tender panels, if the people who are writing budget proposals have better financial literacy about what it really costs organisations to deliver services. Then hopefully the advice that informs government decision making will be better. And that's that's again the responsibility of the government employees to do that.” – <i>ACT Government Participant</i></p>
Length of Document	<p>“...one bit of feedback I had was somebody said to me it looks really technical, but when I actually sat down and started to look at it, I thought this would take me a long time, but I would feel like I could do it. I could answer the questions. So I think perhaps people get a bit overwhelmed. But actually, I think what we're trying to balance here is strengthening people's technical understanding ...of what the due diligence is around fully costing and but also maximising people's engagement.” – <i>ACT Government Participant</i></p> <p>“...ultimately that that complexity was necessary to ...ensure that... the sector was able to understand the operations and the functions and the reporting mechanism.” – <i>Human Services Organisation</i></p> <p>“I think the optimal balance point depends for the sector also depends on government's use of the tool. Part of the benefit of having a tool would be that organisations would have some assurance that if they were using the tool in a reasonable way that they weren't going to get dinged for over costing. And if... the mechanism by which the community sector and government are using to talk about costing is... facilitated by the tool and is maybe even making explicit reference to it. Then I think the balance point between complexity and simplicity shifts because ...it gives you a degree of bullet proofness when engaging with government.” – <i>Human Services Organisation Peak Body</i></p> <p>“I think what we're trying to balance here isn't complexity and simplicity. We're trying to balance technical detail with capacity to engage with the with the content.” – <i>ACT Government Participant</i></p>

Theme	Round 2 Round Table Summarised Response
Full costing vs competitive pricing	<p>“...after the alcohol and drugs sector ...has gone through a commissioning process and finalised that at the end of last year. My question to the group is how do we resolve the potential tensions ...between this costing exercise and all of these resources? With the reality that in a competitive tender process, ...when services are pulling their tender together ...and costing, they are also trying to be competitive ...in a competitive tender process with a limited quantum of funds, how do we resolve that tension and reality? Which is certainly what happened in the alcohol and drug commissioning ...we've actually costing out true cost of service delivery when services want to be competitive, they want to get their tenders one and everyone's competing for the same quantum of funds.” – <i>Human Services Organisation</i></p> <p>“...running programmes at a loss is one part of the equation but not getting the funding in the first place based on the contract is an immediate existential threat. And I think a lot of small not for profits because we have to go through the alcohol and drug commissioning process as well. And to be really honest because of lack of information on how to fill the templates and everything, it was almost a race to the bottom. ...you'd rather run it at a loss than not get any funding at all. And I think that's the constant push and pull tension that we face all the time ...and I don't think having a template in a competitive process would really sort of resolve that massive issue I think.” – <i>Human Services Organisation</i></p> <p>“I'm a little concerned ...if the problem diagnosis is that there's not a shared well there, there's across both the community sector and government, there's a lack of capacity to price stuff as well as there should be and also the community sector feels – whether or not it's justified – pressure to keep costs down. Sometimes to the point of knowingly under bidding for things that a tool that is meant only for use by the Community sector does some things to help that, but it doesn't. It leaves aside some of the big issues. I know ...it's not the government's responsibility to ...cost and price services and ...I'm rattling that one around in my head because on some level, that's what government does do. It says this is how much we're willing to pay for something. And in some respects, the underlying issue is that we've got a mechanism for agreeing a price, which puts a whole lot of onus on one side. But, and where some of the limitations are around communication, and so I think much of the promise of the tool is, is that it increases the communication between government and the community sector and gives the community sector some level of assurance that they aren't going to be penalised for having price things appropriately.</p> <p>...the way government acts ...they're not coming to community sector organisations and saying, actually, I think you've under under-bid by 10%, we're not going to give it to you 'cause we don't think this is realistic. They're saying yes, thank you.” – <i>Human Services Organisation Peak Body</i></p>

Theme	Round 2 Round Table Summarised Response
<p>Government Supporting Full Costing of Services</p>	<p>“...if the Community sector used a tool and said government here's the costing. The government would say, yeah, OK. And that the incorporation of use of the tool by government would simultaneously serve to increase the government's expertise in the same way that it was increasing the Community sectors expertise, but also act as a circuit breaker for a race to the bottom in bidding.” – <i>Human Services Organisation Peak Body</i></p> <p>“...if we're all using, say, a uniform template or a basis of uniform understanding of programmes, that would also almost increase the funding bucket, if that makes sense. So rather than come at the market with a fixed idea of having a finite bucket with set of expectations, let the set of expectations actually guide how much the funding's buckets going to be based on ...what it's gonna take 'cause ...the problem you keep on cutting costs because you know there's only this much and no more. But if ...there are reasonable set of variables and assumptions which determine what the funding bucket could be. I think there couldn't be an increase in how much funding can actually be provided to ...the service providers.” – <i>Human Services Organisation</i></p> <p>“...government keeps asking for costing tools which is good and valuable, but in the end it doesn't believe them. And I think that's where we're at. That's the tension ...we're operating under and I guess that's why I was saying ...is one of the resolutions is to think about to what extent the costing tools need to include some narrative around ...what are some strategies around negotiation of ...the gap between the cost that is ...derived from ...your due diligence using a tool such as this ...and the endpoint for working with government on delivering on shared objectives.” – <i>ACT Government Participant</i></p>
<p>Benchmarking</p>	<p>“...the documents now explicitly say government can't fill out this form because government doesn't have the information about how much each of the different elements cost an organisation to run. ... is there some kind of summary content that Government could usefully ask organisations to provide? ...if we do have a set of standard information summary information that we build over time through tender processes that the government runs, then that will give us a data bank that potentially means we can make more informed decisions about how to price particular new programmes or retesting things back in the market. And that is probably the primary use that government is going to get out of the tool.” – <i>ACT Government Participant</i></p>

Theme	Round 2 Round Table Summarised Response
Communication Strategy	<p>“I think a communication strategy will be really important, perhaps an even more fundamental step will be a clear decision within government about whether this marks a reset? And if so, how so?” – <i>Human Services Organisation Peak Body</i></p> <p>“...I completely support the concept of a bit of a Comm strategy around this and some thinking around implementation comms and roll out of the tool and I think what the group has seen play out today on this call is absolutely going to be the broader community conversation around something like this once it lands.</p> <p>...I'm here on behalf of my sector to be constructive. ...although we largely had stable outcomes and services returned through our commissioning process, because our services did put in tenders for true cost of service delivery, they got an amount of funding that meant that some programmes had to be cut. So that's the reality on the ground. And so this this process and this group needs to be pretty cognizant of that in terms of next steps and getting other sectors who haven't gone through commissioning yet to get on board with this costing tool.</p> <p>There is no silver bullet, but I think it's about actually just allowing those conversations to happen and embracing it. ...I think for alcohol and drugs sector, it's not that people really need a tool to cost or price their services ...they're the experts in that and they absolutely did that through our commissioning process. But there is a limited quantum of funds and we know that and so sometimes that means that hard decisions have to be made. That's just the reality. So I think the comms around this needs to address that up front to really get buy in from across the Community sectors.” – <i>Human Services Organisation</i></p> <p>“I think in in some ways the fact that government was willing to pay full cost of services and that as a result, ...there was some [services that] couldn't be funded. I think that that may actually be the centre of a Comm strategy ...that represents ...a different way of doing things for much of the sector and that government didn't just engage in a race to the bottom and that the sector as a whole was cohesive enough that that didn't happen.” – <i>Human Services Organisation Peak Body</i></p>

Theme	Round 2 Round Table Summarised Response
<p>Shared Language between Funders and Providers</p>	<p>“I've just been reflecting on the extent to which this has essentially been a conversation about the factors that impact the not-for-profit starvation cycle. These costing tools can't solve the whole cycle. Indeed, there is no one single thing that can solve the whole of the of the not profits starvation cycle, ...so what we're trying to do with this costing tool is provide one more thing, which is better knowledge and a shared language about true costs as one of the tools that we can use to continue to tackle the starvation cycle. But it's not going to happen quickly.” – <i>ACT Government Participant</i></p> <p>“I really like that analogy of a shared language, and ...to use it a little further, a tool that is designed for one party can increase its linguistic ability, but ...if there's not an assurance that the other side's also going to be learning this dialect of Spanish, there's less reason to learn it ourselves.” – <i>Human Services Organisation Peak Body</i></p> <p>“100% and that's why ...the government has said from the get go, this has to be a tool that builds that for both sides. Yeah, there's only so much government can do with it. ...I never said it wasn't government's responsibility, I said government can't because government doesn't actually have the insight into how much your particular costs are. So as a physical impossibility for us to fill out the tool for on behalf of any organisation, but government certainly needs to understand the language, understand the factors that go into full cost pricing and then if there has to be a negotiation around pricing, doing that with a shared language is going to help that negotiation.” – <i>ACT Government Participant</i></p> <p>“I think that this has been a really helpful conversation... but it's hard to apply when there's so many different ways that procurement can function across the whole of the ACTPS, it's hard for me to say how it can be rolled out across everything because of all of the challenges that we've discussed. I think like [name] has said that understanding of shared language and that understanding that we have agreed upon ...the appropriateness of a tool to be able to adequately cost and price is helpful from that perspective. But ...there will be decisions that have to be made along the way, but none of us would like to make decisions that are not appropriately costing services, so ...I don't think that this tool will be a silver bullet that will unlock an amazing huge new ability to secure funding from the ACT government, but the government has to make decisions around what its money can buy, and it should do that based on full costing and viability and sustainability.” – <i>ACT Government Participant</i></p>

Theme	Round 2 Round Table Summarised Response
<p>Framework should not be Mandatory</p>	<p>“I think my general concern is... to what extent is it possible to have a generic model for the sector? ...this is not something that the [organisation] will be supporting... largely because I don't like the one generic homogeneous model does not adequately reflect the complexity and dynamism of the sector. And the variety in the size of our organisations, the risk appetites that we each have, like any number of features.” – <i>Human Services Organisation</i></p> <p>“...large, complex organisations like the [organisation] will already have probably systems that they're using that that manage their processes of costing and pricing, along with connecting to their processes around risk and all the rest of that. The documents do already say that that they anticipate that this is more likely to be used by medium and small organisations than large ones. So I think that that issue is covered. So [name], I hope that you can support the concept of these documents even though [organisation] won't actually intend to use them themselves.” – <i>ACT Government Participant</i></p> <p>“Producing this as a resource doesn't ask anybody to stop doing what they're currently doing, or require them to use this. What it does is it provides them with ...a tool against which they can do due diligence on ...their current process and make their own decisions as an organisation about what's the best way forward. Does it match with ...the technical detail that's been presented in this? Are there some things we want to cross check? Are there things we want to add?” – <i>ACT Government Participant</i></p>

5. REVISIONS TO THE RESOURCE PACKAGE

To preface the revisions made to the resource package, it should be acknowledged that there were a number of comments made in the feedback that pertained to broader policy issues. While we were not able to address these issues in the Human Services Costing & Pricing Resource Package, it was not our intention to devalue or dismiss these comments. Further, we recommend that they are reviewed by the ACT Government and considered as part of the broader funding project.

5.1 *Adding a Costing and Pricing Schematic*

As noted in the development team responses and echoed by the Strategic Reference Group in the Round Tables, the document is necessarily detailed to ensure that "... the sector was able to understand the operations and the functions and the reporting mechanism." However, there were requests for "a summary framework", "a Cliff Notes version", and "more diagrams". In response to this feedback, a schematic is to be developed that summarises the costing and pricing process and illustrates the relationship between costing, pricing, budgeting, and tendering.

5.2 *Clarifying the Purpose of the Resource Package for Funders*

A number of funders reported in the consultations that they were not sure how the materials were "...relevant to funders". In response to this feedback, additional commentary on relevance to funders was added to the Framework. However, it is recommended that the necessity for funders to increase their financial literacy is included as part of the communications plan surrounding the Human Services Costing & Pricing Resource Package.

5.3 *Clarifying Expectations of Human Services Organisations*

Some of the feedback revealed that the purpose of Human Services Costing & Pricing Resource Package was not clear. There were some requests for specific additions to the materials that were beyond the scope of the current project as well as concerns that the resource package was being developed to be mandated for ACT government tenders. It is possible that these requests were put to the development team as human services organisations believed that the excel models were to be standardised and required for tender submissions. In response to this feedback, the Framework was amended to clarify that the resource package is a learning tool aimed to assist with building financial literacy in the sector.

5.4 *Costing In-Kind or Below Cost Resources*

The feedback received in the first round of the Delphi panel survey and the Round Table included requests for "...detailed guidance on quantifying and integrating [volunteer contributions and donated resources] into the costing models" noting that "...it's really important that we know the full costs, even if an organisation's paying peppercorn rent." In response to this feedback, the Framework was amended to include more detail on costing volunteer contributions and discounted or donated resources.

6. NEXT STEPS

6.1 Communication

The consultations highlighted a need to develop an effective communication strategy surrounding the Human Services Costing & Pricing Resource Package. It was clear from some of the feedback that clarification around the expectations and purpose of the resource package is required. Feedback in the first round included comments that the resource package “...is not relevant to policy makers”, “...does not offer concrete solutions for securing additional funding or managing chronic underfunding” and should not “be imposed on [organisations]”.

6.1.1 Clarifying the Purpose of the Resource Package for Funders

In response to the question from funders raised in Round 1 (i.e., “what is it that I am actually going to need to use?”), additional references to funders were included in the Framework. However, noting that the human services sector has “...an expectation that [funders] get to be a bit more technically proficient”, there needs to be a communication strategy targeted at funders – particularly within government – reinforcing that they need to take the time to review the materials and “...understand the detail and technical foundations” to “...mak[e] sure that the people who are, assessing the bids, doing it with an understanding of the full costing model that's needed to deliver services.” This communication strategy and commitment from government is necessary, as the Strategic Reference Group raised concerns about the critique from funders that the resource package is too detailed, as they felt it was essential that “...the people who in the end receive proposals ...understand all this background and detail.”

6.1.2 Clarifying Expectations of Human Services Organisations

There were a number of comments that came up in the feedback that suggested that the scope and purpose of the Human Services Costing & Pricing Resource Package was not clear. The communication strategy needs to be clear that the resource package is an educational resource designed to build the capacity of human services organisations to accurately cost and price their services and to ensure there is a common language between funders and providers. In turn, stronger financial literacy within the sector should assist with the negotiation of funding to ensure services are fully costed, but detailing such elements as negotiation strategies are beyond the scope of the resource package. Additionally, the models are designed to be populated with the service delivery costs that are specific to the human services organisation and therefore, cannot “include pre-filled templates or default assumptions”. In response to this feedback, the Framework was revised to clarify the scope and explain the aim to increase financial literacy in the sector. However, the communication strategy needs to be consistent with the resource package. This is particularly important as one Delphi panel member noted that they were “...concerned this important project is getting mixed up with other consultations that government is doing or has funded other unis/consultants to do.” Accordingly, it is crucial that human services organisations understand where the Human Services Costing & Pricing Resource Package fits within the broader ACT Government Human Services funding work.

6.1.3 Building Trust

Across the rounds of consultation, there was concern from the human services organisations that the models would be “...imposed on the sector” and that they would be “forced to use this as a requirement for government tenders for commissioning.” Specifically, the sector requested “...clarity that the ACT Government does not intend to use this as a requirement in RFQ processes or that we won’t be contractually compelled to file these with acquittals.” With one Delphi panellist noting:

“I understand the concern that governments will take this and decide to force people to use this - the sector has been burned by those sorts of decisions before. Even though that is not the intent of this, the anxiety that it may be used that way is a reasonable fear.”

Even though the Framework explains that the Human Services Costing & Pricing Resource Package is an education tool, it is clear that the human services sector needs some explicit reassurance from the ACT government that the models are educational in nature and are not designed to be mandated budget templates to be submitted in proposals. As a representative suggested at the Strategic Reference Group Round Table, the resource package needs to be “socialised across the sector” and “...we can have some ambassadors around that and where government can share what they've learnt around certain things and just have a bit more of a communicate over a period of time until people start to feel there is some trust“

“I think what we need is not just theoretical permission for organisations to put in full cost bid, but that has to filter down into the behaviour of assessment panels, and it has to filter down into the behaviour of contract managers, and it has to filter down into the way organisations price and provide things to government.”

Accordingly, there needs to be a communication plan to build trust between human services organisations and funders as they reported “the current commissioning process is not commissioning, but competitive tendering.”

6.2 Future Training

The Human Services Costing & Pricing Resource Package represents the first step to building the capacity needed to effectively cost and price services in the human services sector. As noted by sector representatives in the Delphi Panel survey, the application of the Framework will require training “...to learn how to use this tool properly”.

“This will be crucial for the whole sector. I have considerable concerns that without training being provided, most [services] will receive this package and it will sit on a shelf or in an inbox and be ignored.”

As part of the resource package, the development team has created four training videos (plus one additional training video focused on government procurement personnel) designed to introduce participants to the resources. However, further upskilling may be required for smaller organisations with limited financial knowledge.

It should also be noted that some of the feedback included questions about how to incorporate specific costs into the model, in many cases the development team explained that this level of detail was beyond the scope of the project. However, these points should be considered as potential topic areas for future training materials as part of the broader ACT aims to increase financial literacy in the sector.

This need for a long-term plan to increase financial literacy in the human services sector was echoed in the Strategic Reference Group. With respect to government, it was noted that there

was probably an “...ongoing training regime that's needed rather than a one-off” to account for ongoing changes in government roles. Similarly, with the human services sector it was noted that organisations may need “...to familiarise themselves over... one to two budget cycles internally across their own business to really better understand their own costing and pricing” before potentially using it as part of a procurement tender bid process in year three.

6.3 Utilising the Consultation Feedback to Inform Policy

As noted in earlier sections, some of the feedback included comments relevant to broader policy. As an example, this included commentary around the pressure human services organisations have to “...knowingly underbid” to stay competitive. While it was acknowledged in Round Table 2 that “these costing tools can’t solve the whole [not-for-profit starvation] cycle”, these comments do provide valuable feedback from the human services sector. Although the development team could not utilise this feedback in the Human Services Costing & Pricing Resource Package, the collated comments presented in section 4 (particularly in section 4.2.2), do provide some insight into the concerns of the sector that need to be addressed as part of the change in policy and culture around this project.

7. APPENDIX – FULL COLLATION OF RESPONDENT COMMENTS

The following presents the full collation of comments provided in the first Delphi round, by question, organised into themes.

7.1 Costing & Pricing Human Services Framework

7.1.1 What are the strengths of the Framework?

There were responses from 23 Delphi panel members to this question.

Comprehensive/Thorough

Comments from Delphi Panel Members

Comprehensive yet clear.

It is comprehensive and detailed and provides a clear understanding of the issue it is addressing and why.

It provides clarity and transparency.

It's thorough, steps you through costing and pricing step by step.

Measured and good level of detail.

Provide a detailed baseline for discussion of costs and pricing.

The Framework is a helpful, albeit lengthy, document. Properly refined, implemented and consistently understood/applied by all parties it offers significant opportunities to sustainably build capacity and capability within The ACT human services system.

Very thorough

It is comprehensive

Whilst not a manual, it does elaborate on each step of the process

It includes clarity around questions that organisations may have, such as about costing the contribution of volunteers

Standardised Language

Comments from Delphi Panel Members

Standardised definitions and processes improve communication and understanding between funders, service providers, and stakeholders, reducing disputes over pricing and funding decisions.

The framework incorporates principles consistent with broader accounting and economic practices, enhancing its credibility and applicability across diverse human services sectors.

Thank you for the opportunity to review this document. Our team have formed the view that the document is a good resource to enable the standardisation of language and planning principles for the development of cost responsible bids for the delivery of services.

Provides an Understanding of Costing and Pricing

Comments from Delphi Panel Members

Recognition of costing implications at an organisational level, beyond a program or activity.

The frameworks provide a detailed approach to service costing and for mid-sized organisations considering a new human service markets to enter, a framework to make decisions.

Figure 2: The costing process, was a clear way to demonstrate the process.

It aims to build knowledge and capacity within human service organisations, equipping them to handle financial complexities and adapt to changing conditions.

The Framework will allow providers to better consider the wide range of factors that impact the true costs of services delivery including longer term overheads (such as capital infrastructure replacement and employee development and training or impacts of staff turnover) that are often not included or budgeted for.

It clearly articulates costs that need to be captured and articulates the risks of not appropriately capturing costs.

Assist to understand what it really costs to run services and why organisations need to aim for a profit to keep running well over time (especially for non-profits).

While it suggests one main method (activity-based costing), it's flexible enough to let you adapt things to suit your organisation.

Good tools and guidance to assist in making better choices about matters like pricing, cutting costs, or deciding whether a project is worth doing.

the framework is a starting point to work from. It considers all aspects of costing including maintaining assets, ensuring the organisation remains fit for purpose and the value of volunteers.

The framework emphasises calculating the comprehensive cost of services, including direct costs, indirect costs, accounting cost estimates, and the cost of capital. This ensures organisations can accurately assess the full resource consumption of their operations.

By providing a structured methodology for costing and pricing, the framework equips organisations to:

- Analyse risks associated with under-pricing or over-pricing.
- Forecast and plan for changes in costs and funding over time.
- Make informed decisions about service delivery priorities and modifications.

Framework explains costing and pricing well, for example basic terms to how to do it step-by-step. It also looks at the risks and benefits.

Easy to Read

Comments from Delphi Panel Members

The design and layout make it easy to read.

The Framework is comprehensive and provides a high degree of detail. I found the Framework to distil complex information in a way that wasn't too overwhelming. The Framework is written in a way that you can read it from cover to cover but also section it as needed.

clear outline of the intended audience

Clear and easy to understand framework

A very clear document that explains the elements of costing and the importance of Comprehensive costing of human services

The framework gives clear steps to help organisations figure out their costs and prices. My view is that it is [not] just finance experts [who can utilise it], rather it is written so everyone involved, like managers and board members, can use it.

Suitability / Audience

Comments from Delphi Panel Members

It distinguishes between costing and pricing - an area that many find confusing

Good explanation of costing principles that could be understood and applied by people even those without much financial experience. Lots of practical examples of what the principles mean and how they could be used in real life scenarios.

The Framework is very comprehensive and provides a substantive resource for NGO's and government officials who may not have capacity or experience, to have a sophisticated approach (or corporate history) to costing or understanding of what sustainable holistic costing and pricing framework requirements.

Good tool to enable less mature service to scope services and identify real costs.

Questions Boards Should Ask

Comments from Delphi Panel Members

The 'questions board should ask' is a great prompt for boards and a useful addition.

Very thorough and useful to support Boards to understand good costing and tracking mechanisms to ensure business viability at an organisational level

I think the questions posed to the board will be useful.

The inclusion of prompting questions in each section helpful, though [the] rationale for directing them to Board is not entirely clear.

The Questions for Boards after each section provide good prompts for what needs to be considered and why.

The questions posed for Boards are useful for small entities who the diverse skill may not have including accounting skills and have little equity or reserves.

Including Questions Boards Should Ask' is a great way to encourage people to capture these considerations in an approachable way.

[The] questions Boards should ask [was a] specific strength

Framework Recognises Key Factors Impacting Costing and Pricing

Some panellists noted that they appreciated that the Framework acknowledged that costing is an iterative process, the need for profit, and the need for funders to understand the costing and pricing process.

Theme	Comments from Delphi Panel Members
Costing is Iterative	Recognition of the need for iterative re-costing processes where contracts are greater than two years AND the mechanisms that need to be considered such as funding top ups. Indexation over a contract period is not enough.
	The Framework acknowledges that costing and pricing processes are iterative; however, funding arrangements often do not provide for this beyond the submission of an initial budget.
	The framework supports an iterative process, encouraging organisations to refine their costing and pricing methods based on historical data and evolving circumstances. This builds capacity and improves accuracy over time.
Need for Profit	Appreciate the concept of Mark Up
	Recognition that profit is needed for sustainability (as it also supports innovation by human services providers and allows them to respond to unmet need within the community).
Role of Funders	Beneficial if it helps government understand how costing needs to be constructed to ensure viability
	Beneficial if it brings consistency for providers to assist government / funders with analysis and assessment
	Comprehensive cost understanding, standardisation, support for decision-making for Boards and executives, it fosters transparency in pricing decisions, which can improve relationships and negotiations with funders, iterative process, capacity building
	Recognition that Govt/funders set the price/funding level based on their budget requirements without exploring or understanding the actual cost of providing the services.
Sustainability	Excellent for explaining costs to funders and helps argue for fair pricing. It also helps with planning for future needs and policy discussions.
	By identifying and quantifying gaps between comprehensive costs and actual funding, the framework strengthens the ability of organisations to advocate for appropriate funding levels.
	[!]t is very detailed (too detailed), but will assist build the evidence base for funders
Risk/Strategy	It integrates short-, medium-, and long-term sustainability considerations, helping organisations align financial planning with operational and strategic needs. The focus on achieving the right balance of service quantity, quality, location, and timing contributes to organisational viability.
	The framework acknowledges differences between block funding and price funding, guiding organisations to manage risks and plan strategically for funding gaps (target price gaps). It highlights potential risks (e.g., timing issues, environmental changes, mismatched expectations) and provides strategies for organisations to mitigate these risks effectively.

Appendix – Cost Types and Examples (mapped to NSCOA)

Comments from Delphi Panel Members

Annexure 1 is a great resource for people.

Appendix A – Cost types and examples was useful and is very comprehensive

The appendix is helpful in identifying costs that may be forgotten

7.1.2 What are the weaknesses of the Framework?

There were responses from 22 Delphi panel members to this question.

Length of Document

Comments from Delphi Panel Members

A lot to take on board.

The Framework is quite long and could be written more succinctly. Less writing and more visual diagrams could help with its interpretation.

Very large document, high level of comprehension required and likely take large amount of time for a board to work through each section (not that that is necessarily the intended outcome for most user of the framework)

Potentially such a big document that people might not have time or the inclination to go through it thoroughly to get the best value. The way the document is structured largely offsets this though, with 'Questions Boards Should Ask' and 'Appendix A Cost Types and Examples' clearly marked so as to be easily located.

The framework is very long, and it is hard to pull out the most important aspects given the detail.

[P]erhaps consider length. The document is very clear - but perhaps could be shortened without losing some explanations.

Accounting Terminology

Comments from Delphi Panel Members

It is quite accounting jargon heavy, and some may struggle to understand

It is extremely wordy and therefore easy to lose focus

It is still complex and non-accountant or finance people may find it difficult to understand.

Technical Expertise Requirement: The framework assumes a certain level of accounting and financial management expertise, which may not be readily available in all organisations.

Audience

Comments from Delphi Panel Members

Given that NGO Boards are an audience for the Framework, a truncated Board-specific Framework or resource package should be developed. The ambition of this reform needs significant governance-level buy-in, at least until the point it becomes business-as-usual in the sector. Human service NGO boards in the ACT are comprised mainly of volunteers who are often time-poor. To this end, a cheat sheet framework would be helpful.

For NGO's with substantial equity, investment portfolios and who have operated a corporate governance model this framework is not a tool we would actively apply to our governance process, rather it is a good reference to continue and confirm our current practice.

Some niche, small providers, may be daunted by this framework and not engage at all.

The framework is written with the assumption that organisations have the skills, knowledge, and systems to carry out these processes.

High level

Comments from Delphi Panel Members

The framework refers broadly to human services funding despite the intention of the framework to 'provide an agreed basis for establishing the costing and pricing process for human services funded by the ACT Government and delivered by Non-Government Organisations (NGOs) in the ACT.' As a result, nuances of this funding relationship and human services in the ACT are missed. The Framework would benefit from specific examples for this context, particularly where these may deviate from the market economics approach implicit in the framework.

While the framework provides standardised tools and methods, it may lack detailed guidance for highly specific or atypical services and activities, requiring additional customisation.

The framework explains the "what" and "why," but it does not necessary always dive into the "how."

The framework is not a step-by-step guide for implementation.

Translating the framework into actionable strategies may be challenging without additional practical resources tailored to specific organisational needs.

Local Context

Comments from Delphi Panel Members

It doesn't appear to provide local context and consultation.

As the ACT is a small-demand market for many human services, the Framework should specifically address the ACT context in detail. The implications of costing and pricing in small-demand markets is significant as are the funding mechanisms and arrangements utilised if outcomes are to be achieved.

Questions for Funders

Comments from Delphi Panel Members

It would be helpful to see prompting questions suggested for funding bodies in each section as it relates to consideration of decision-making on price achieved.

Questions Boards Should Ask

Comments from Delphi Panel Members

Each section ends with 'Questions a Board should ask'. Some of those questions are relevant from a governance standpoint, but the document is primarily going to be used by executives so the framing of the questions doesn't quite work. Maybe change to: Questions your organisation should ask.

One of the 'Board questions' asks Do we need to replace assets, invest in staff training, change our business/service delivery model(s) and/or undertake capital developments in the next five to ten years? If so, what cash is required in order to make this investment(s)? I would suggest staff training should not be included in this question, as to deliver high quality services and maintain a positive culture, staff training and other professional development opportunities should be the norm and not a cost saving. We need to invest in our people (both personally and professionally) to maintain and further enhance quality services.

Responsibility of Government/Funders

Comments from Delphi Panel Members

The onus is on the NGO - where as Government has a responsibility to do costing work prior to go to market with a defined price supported by evidence about the elements that drove the proposed price point - duration, frequency, intensity, service taxonomy, organisational cost benchmarks etc

How much responsibility is attributed to the funders in determining the right price?
Will government accept what is considered the right price as determined by using the framework?
How realistic is it to be talking about Markup in the current climate?

Discussion on environmental effects could be strengthened by recognising the influence and agency of the ACT Government on the environment for NGOs.

The Framework may lead government to apply the framework in a rigid fashion, and request this high-level detail from funded organisations in tenders and contract acquittals.

The Framework does not acknowledge that the rewards for funders in adopting costing and pricing guidance creates significant additional risks for individual organisations and the sector. The rewards for funders outlined in the Framework create the risk of a one-size fits all approach that is reductive and reduces complex service delivery to numbers. A comparing apples-to-oranges approach can create perverse outcomes for high-costs services which are generally responding to service users who require complex services responses.

Government Services

Comments from Delphi Panel Members

Government often contributes a lot to an organisation outside particular contract - for example operating premises, free use of facilities, profit generating services for example child care facilities with no rent, vehicles/computers/phones/security if services are co-located with government, training etc. I don't see how these are captured in the framework.

As a government agency we are both a provider and funder services. I'm unclear how the Framework provides a way of balancing both these purposes although I understand it is about clear pricing and costings to ensure sustainability. One issues we hear regularly is the need to factor in surge services in times of need.

The current practice is to 'pivot' existing services ie drop some and pick up other services to meet need but this results in the not delivering essential services elsewhere often at a time they are required more than usual. We need to consider the requirement to surge and increase services in times of need in terms of sustainability rather than consider sustainability but dropping some services to pick up others.

Contentious Cost Allocations

Comments from Delphi Panel Members

Allocating indirect costs and overheads often involves subjective decisions, which can lead to disagreements among stakeholders or inaccuracies if poorly justified.

Regarding profit- normally contracted funding amounts are aligned / committed to program activities with unspent funds for activities returned to the funder.

The framework notes that its principles may not always align with funders' pricing and funding arrangements, creating tension and limiting its practical utility for advocacy or negotiations.

Costing is Resource Intensive

Comments from Delphi Panel Members

The process of comprehensive costing and pricing, including ascription, allocation, and ongoing refinement, can be resource-intensive. This may divert funds from service delivery, especially for underfunded organisations.

The framework requires significant expertise, time, and resources to implement effectively. Smaller organisations with limited capacity may find it challenging to adopt.

Many organisations are time poor and have little resources to spend on complex costing and pricing exercises.

The process of costing and pricing can take a lot of time, effort, and money. For smaller organisations, this might feel like a big burden, especially if they do not have dedicated finance teams.

Time-Consuming Process: Implementing the framework may require significant time and effort, especially for organisations new to systematic costing and pricing. The ACT has a lot of finance and resource poor organisations.

Resource-Intensive: Smaller organisations with limited capacity may struggle to allocate the necessary resources, such as skilled personnel or software tools, to implement the detailed processes effectively.

Organisations will still need to develop or acquire additional tools, training, and expertise to apply the principles effectively.

Different Funding Models

Comments from Delphi Panel Members

The framework assumes funders ask for costs rather than specifying the amount of funding on offer. The risk is that orgs put in a lot of work using the framework when funders have limited budgets and continue to provide block funding in the same ad hoc way they currently do

Does not specifically address how to cost for a prescribed model of service or how to account for efficiencies if funded across multiple programs

Despite the suggestion otherwise, the framework needs to tally with the funders' established pricing and/or funding arrangements as this framework is being developed for a specific funder (ACT Government), specific funding recipients (NGOs delivering human services in the ACT) with a particular suite of funding arrangements that can be used.

The framework leans heavily on one method (activity-based costing) but does not offer much guidance for organisations with unique needs or funding arrangements.

One-Size-Fits-All Approach: The framework's reliance on standardised accounting and costing principles may not fully accommodate the unique needs of organisations operating in highly specific or localised contexts, such as rural or remote areas.

Organisations in small-demand markets may find the emphasis on comprehensive costing less practical given the unique challenges of their environments.

Although designed to be flexible, the framework may not fully align with specific organisational needs or unique funding structures, leading to discrepancies in application.

Staffing Costs

Comments from Delphi Panel Members

The paper could include an acknowledgment of the increasing complexity of issues experienced by clients leading to higher staffing costs as you require more experienced staff to undertake roles. Where an agency can't recruit experience, they will need to incur significant costs for on-the-job mentoring (via more senior staff) and training.

There seem to be inconsistencies in approach to pricing that hard wire in assumptions about delivery of community services that have potential to hard wire in issues eg including the cost of volunteer contribution vs noting that 39% of staff work above classification and 30% are required to work extra time isn't costed but assumed to be something that will continue.

It may be useful to review the underlying assumptions made about community services provision. What are the impacts in assuming this will continue on unit costs in other areas such as recruitment, training demand, staff wellbeing and sick leave rates.

The focus is very financial and technical. It does not dive much into the real-life impact on staff or clients if costs need to be cut or if services have to change.

An ongoing issue for human services NGOs in the ACT, is that policy and other processes investigated by the ACT Government including this exercise draw significant un-resourced capacity from organisations. Largely the benefits, or at least the promise, of participating in these processes make it worthwhile; however, these are the environmental factors that are hard to quantify and can impact service delivery in small organisations.

We would value a review of how volunteers are represented. Currently the language used implies that volunteering is free to an organisation which means that the costs of involving volunteers has not been considered. This is problematic as the costs of involving volunteers are one of the key drivers behind the decline in formal volunteering. please see reports from VolunteeringACT including State of Volunteering research.

Based on Assumptions/Historical Data

Comments from Delphi Panel Members

Allocating indirect costs and overheads relies on subjective assumptions and cost drivers, which can lead to disagreements or inconsistencies.

Different organisations may use different assumptions or allocation methods, potentially affecting comparability and transparency. Training would be required

Reliance on Predictions: The framework depends heavily on accurate forecasting of activity levels, cost variations, and external factors. Forecasting errors can lead to significant financial mismatches.

The framework relies on stable cost drivers for accurate allocation. However, in practice, cost structures may change rapidly due to technology, inflation, or sector-specific developments, complicating implementation.

A lot of the framework is built on forecasting activity levels and costs, but predicting the future can be tough. If estimates are off, the results might not be helpful or potentially even mislead decision-making.

The framework's effectiveness relies heavily on accurate historical data and realistic predictions about future activity levels and costs. Organisations with poor record-keeping or limited financial management experience may struggle.

Funding Gaps

Comments from Delphi Panel Members

While the framework identifies funding gaps (e.g., the target price gap), it does not offer concrete solutions for securing additional funding or managing chronic underfunding.

The framework encourages advocacy for appropriate funding levels but does not provide explicit strategies or tools for successful advocacy which would support smaller organisations.

The framework notes that long-term contracts require re-costing and renegotiation mechanisms, but such provisions are not always practical or feasible in real-world funding agreements.

Other Costing Challenges

Comments from Delphi Panel Members

When funding comes from many sources it can be difficult to determine unit cost and usage for a specific funder

I found the Framework was light on in terms of the costs of delivering quality services.

it doesn't address the quantity of the service, many services funded by government have a narrow and targeted eligibility or focus, however upon analysis this is generally broadened out by organisations as they don't want people to miss out and fits within the organisations mission statement. However, this leads to funding being spread much broader than intended and the cost modelling inadequate as programs/services are addressing a much broader cohort than intended through the funding amount. The modelling shouldn't be based on the quantity etc by the organisations mission statement, but rather the need within community seeking to be addressed.

There is a risk of under costing and recontracting - if costs increase throughout the life of the contract or the costs haven't been properly identified and advocacy undertaken for additional funding, this may come into conflict of the government procurement act and a new competitive procurement process being required if funding or scope significantly changes. Neither party would want this to have to happen.

The framework acknowledges environmental effects but may not fully prepare organisations for sudden, large-scale changes, such as legislative amendments, market disruptions, or economic crises.

External changes, such as policy shifts, regulatory changes, or unexpected economic conditions, may not be adequately accounted for, undermining the accuracy of cost predictions.

Uncertainty in Costing New Services: While the framework emphasizes modelling theories of change for new programs, it acknowledges that these estimates may not fully reflect real-world operations, leading to financial risks.

The framework prioritises financial sustainability and cost recovery but may undervalue qualitative outcomes, such as social impact or client satisfaction, which are critical in human services.

The need for improved costing and pricing practices for human services delivered by NGOs should not result in a shift to a full market economy model. Elements of market-based policies are helpful in processes and practices particularly as they relate to sustainability and explicitly identified efficiencies/reforms.

Deciding how to divide up indirect costs (like office rent or admin salaries) is not straightforward.

Effectiveness/Strategy

Comments from Delphi Panel Members

Larger the paper doesn't allow services to address effectiveness, which from a performance audit perspective is critical. How can a seller or a buyer gage whether the cost of the service is worth delivering.

The emphasis on annual costing can make it difficult to plan for long-term sustainability, particularly for capital-intensive investments or significant policy changes.

While the framework allows for forward estimates of up to five years, long-term forecasting increases the risk of inaccuracies due to unforeseen economic or sectoral changes.

7.1.3 What changes could be made to the Framework to better meet needs associated with costing service delivery?

There were responses from 18 Delphi panel members to this question. However, this included 2 Panel members who responded saying they had no suggestions, thus the suggestions below reflect the responses from 16 Delphi panel members.

Summary

Comments from Delphi Panel Members

A summary Framework would be very helpful.

A summary version - separating the questions to ask and key definitions may assist smaller NGOs to navigate within their particular contexts

Maybe a key points summary document

The Framework is very long and detailed, you may lose some interest as it could seem too hard.

Streamline Processes: Develop simplified tools and templates for small and resource-constrained organisations.

Modular Design: Break the framework into modular components that can be adopted incrementally, reducing the upfront resource burden.

Simplified tools or guidelines tailored to small and medium-sized organisations, focusing on key costing priorities without requiring extensive resource investments.

Add tips or sections specifically for small organisations with limited resources. For example, advice on how to scale down the process to fit smaller teams or budgets

Examples/Case Studies

Comments from Delphi Panel Members

Case studies and additional relevant examples would be of benefit

Some examples/case studies for smaller orgs

Provide sample costing models or templates tailored to different types of services.

Include templates with pre-set assumptions to reduce the need for in-depth financial expertise.

Develop sector-specific examples and tools (e.g., for mental health, housing, youth services) to make the framework more directly applicable to different areas of human services.

Our suggestion would be to include case studies of high quality and low quality bid methodologies to provide more context to the framework. This will allow bid teams vying for contracts to improve the quality of submissions, with a view to securing contracts with a responsible and realistic costing model. This, combined with the resources listed in the framework, can develop an enhanced understanding of the requirements to effectively cost services.

Language

Comments from Delphi Panel Members

Less accounting terminology

To ensure people engage with it and find it useful it needs to be less wordy and intimidating. Use more dot points and perhaps break out boxes with key messages or examples.

Although it is not intended to be a manual, it actually is a quasi manual. Lean into that and include a flow chart and links to resources that people can use to follow the process. Evidence based costing of services is new to many people so it's important to make the process as attractive and simple as possible.

Information About Consultation Process

Comments from Delphi Panel Members

A section on the local context or what consultation has been undertaken. I assume that comments on this draft would form a part of this.

Links to External References

Comments from Delphi Panel Members

Links should be added to the Framework whenever external documents are referred to (for example, adding links to the tools and supports mentioned on page 4).

Responsibility of Government

Comments from Delphi Panel Members

Make it the responsibility of government/program owners to do the work - without this the required costs and the funded costs will not align

I also think the capacity of government to apply this framework is low. I am not sure how a Human Services commissioner would be successful to use this to negotiate with Treasury to increase the funding.

There is nothing about why government funds service organisations. These organisations are better placed to deliver many services rather than government delivery, however there isn't anything in the framework about the importance of this and that government is funding organisations to deliver particular services to the community. Ensuring a healthy and sustainable sector is essential for service delivery, but also to ensure that there are suitable and well qualified organisations which government can fund for a specific service purpose. The framework seem to lean towards a more generic need for government to fund services in line with mission statement, but I think government view would be want to fund high quality services for the community.

Levels of Service

Comments from Delphi Panel Members

Consider thinking about levels of service. From a funders point of view this tells us the potential difference between different service costs. From a service point of view its helping to think about targeting services.

Volunteering Costs

Comments from Delphi Panel Members

Page 31 - it is great to see you have added volunteer time as a cost. Volunteer costs include training, coordination and supervision. These costs might already be considered under general HR or managerial costs.

Develop standardised methodologies and tools for valuing volunteer contributions and donated resources, making it easier to integrate these into costing models.

Longer Contracts

Comments from Delphi Panel Members

The ACT Government is moving towards longer contracting arrangements, as such this Framework and any supporting tools should support organisations, in a high level of detail, to understand and project future costs. The paragraph outlining this is helpful, however, terms longer than 1 or 2 years is the norm, rather than the outlier, therefore the Framework should be reflective of this.

Multi-Year Costing Options: Enhance the framework to support multi-year financial planning, particularly for organisations with long-term contracts or infrastructure investments.

Profit

Comments from Delphi Panel Members

Might be helpful to have a bit more information about the misconception that a not for profit can't have a profit off a contract or built into service delivery towards the front of the framework.

Because the environment is competitive you need a price that doesn't immediately get you knocked out of consideration. There is a driver to not include mark up - to keep price competitive.

Training

Comments from Delphi Panel Members

Training on Data Management: Provide training on maintaining financial and operational data for organisations with limited experience in record-keeping.

Tailored Training: Offer training for different organisational sizes and complexities, including specific support for small or emerging organisations.

Recommend accessible training programs to build skills in costing and pricing, especially for staff without financial knowledge.

Offer free or subsidised training programs for organisations with limited financial management expertise, ensuring wider adoption and effectiveness of the framework.

Other Features

Comments from Delphi Panel Members

Data Tools: Include user-friendly tools for data collection and management to support accurate costing.

Stress Testing: Introduce mechanisms to test financial sustainability under various "what-if" scenarios.

Technical Assistance: Establish a support desk or consultancy services for real-time guidance on implementing the framework.

Cost-Effectiveness Metrics: Incorporate tools for measuring the cost-effectiveness and impact of services, allowing organisations to assess and communicate the value of their work.

Link to Outcomes: Tie costing and pricing directly to service outcomes to better inform funding discussions and organisational strategy.

Automation: Develop or integrate with software solutions that automate aspects of costing, such as data input, allocation, and reporting.

Create straightforward guidelines or tools for allocating indirect costs like admin expenses. This could include common allocation formulas or examples of cost drivers.

Provide additional tools, like automated spreadsheets or software recommendations, to make it easier to calculate and track costs.

Provide guidance on managing risks tied to forecasting. For example, introduce "what-if" scenarios or sensitivity analyses that help organisations adjust for unexpected changes in activity or costs.

Introduce alternative costing approaches alongside activity-based costing. For example, a simpler method for smaller organisations or one that addresses the specific needs of block-funded services.

Include a section on balancing financial sustainability with the human side of service delivery. This could address the impact of pricing decisions on staff, clients, and community outcomes.

Suggest a process for regularly reviewing and updating costing methods to keep up with changes in policy, funding, and organisational needs.

Create automated tools or software solutions that simplify costing exercises and integrate real-time data tracking, making the process less resource-intensive and more accurate.

Add detailed guidance on scenario planning (e.g., "what if" analyses for policy changes, demand fluctuations, or funding gaps) to help organisations prepare for uncertainties.

Expand the framework to address small-demand market challenges, such as strategies for achieving economies of scale, collaboration with other providers, or advocating for additional government support.

Provide flexible models that allow for frequent re-costing and updates.

Include specific modules or examples on price negotiation strategies, backed by data, to support organisations in securing better funding agreements.

Incorporate methods for valuing and linking social outcomes to costs and pricing, helping organisations demonstrate the broader value of their services to funders and stakeholders.

Provide detailed guidance and templates for addressing policy-driven costs, such as compliance with new legislation or accreditation standards.

7.2 The Costing & Pricing Model Handbook

7.2.1 What are the strengths of the Handbook?

There were responses from 17 Delphi panel members to this question.

Comprehensive/Thorough

Comments from Delphi Panel Members

comprehensive

It's comprehensive

Comprehensive

Covers the majority of components for a handbook relevant to costing models which we have seen for this area of work.

Very comprehensive

Covers all major aspects of pricing & costing for community service delivery.

Overall it provides a good level of detail about how each section can be used. The glossary is vital.

The provision of the two models: Services Provider and Single Product is excellent, thank you!!

like that its promoted

The Handbook integrates detailed guidance on costing and pricing, covering both direct and indirect costs, mark-ups, and financial planning.

It provides structured models for analysing costs at both the organisational and program levels, ensuring a complete understanding of financial requirements.

Step-by step guide

Comments from Delphi Panel Members

The Handbook is detailed and provides a step-by-step guide to completing the models.

Principles are useful

Hints and Tips are useful

Step by Step guide approach is user friendly

The step-by-step instructions are clear and relate well with the spreadsheets. I particularly like that you used colour codes (e.g. light blue cells) in the instructions.

Pricing Transparency

Comments from Delphi Panel Members

Comments on preparing for increased pricing transparency is helpful, though should be expected given the reform process happening.

The Handbook promotes documentation and transparency in costing and pricing processes, which is crucial for funder negotiations and accountability.

Clear

Comments from Delphi Panel Members

Clear explanation of costing principles that could be understood and applied by people even those without much financial experience. Clear directions to assist people to complete the models

Practical, well-written. Easy to follow.

Provides detailed guidance and direction

Navigations Guidance and How to Complete the Model are very helpful. Please note, I have not tested these yet.

The Handbook offers clear, step-by-step instructions for using the models, from setting up initial data to finalising prices and analysing results.

It includes practical hints, tips, and error-checking mechanisms to improve the accuracy of costing exercises.

Mark-up/Profit

Comments from Delphi Panel Members

The recognition of the need for (reasonable) mark-ups to be including in pricing and acknowledgement that the funder will be approaching this from a standpoint of no prior experience. I note that mark-ups are expenditure of public money and need to be appropriate, ethical and defensible.

The strategic considerations for mark-up and price are useful and practical.

Overall, the strength is using the Handbook to produce a profit, we need to socialise the word profit with government, commissions of services. There is a distinct pushback or lack of understanding that a profit must be made to reinvest back into the organisation.

A major strength is the emphasis on financial sustainability, ensuring organisations consider comprehensive costs and mark-ups for long-term viability.

Baseline for Discussion

Comments from Delphi Panel Members

Provides a good base line for discussion.

The strengths of the Handbook demonstrate to government the complexity, resources and skills required by community sector in managing the financial sustainability of their organisations.

It may be a good tool to induct new Board members to the sector to appreciate the level of financial acumen required to govern a human service entity.

By encouraging enterprise-wide engagement, the Handbook helps organisations build internal capacity for financial planning and strategic decision-making.

It emphasises training and collaborative efforts across teams.

Different Funding/Service Models

Comments from Delphi Panel Members

Please Note:

The main issue with costing models that apply to different service models is that interpretation of the results of very different service providers can be misconstrued if not overridden with explanatory notes. So, the purpose and use of costing data that is provided across very different services and practice models, must be supported with clarifying commentary when interpreting the data. The numbers only tell a certain story. The detail behind the numbers is often the key to the interpretation of same. In addition, examining the cost of service delivery must also make reference to both the social and economic impact of the intervention.

For example, our service is small in terms of footprint, however we support a particular cohort of women. Our practice model is casework intense due to the nature of the situations for the women we support (women who are pregnant or parenting a baby). Our support periods are long. The cost for supporting each woman varies from low, medium to high depending on the complexity of the services required. We support our recurrent funding with almost 35% of annual operating funds coming from non-gov funding/donor/partner sources. Our practice model and the services we provide support the necessity to report whole of service statistics to the government.

It does to some degree recognise that human services tend to be delivered in an integrated way and funding provided under one contract will usually be used to support multiple programs.

Appreciate acknowledgement of Commonwealth/ACT inconsistencies, noting that this does not apply to all human service providers in the ACT.

The models accommodate both block-funded and price-funded programs, addressing the complexities of different funding environments.

While designed for the human services sector, the Handbook includes sector-specific considerations like accommodation services and allied health professional pricing.

Other strengths

Comments from Delphi Panel Members

It highlights the importance of balancing cost recovery with risk management and strategic goals.

The Handbook supports various organisational needs, including budgeting, tendering, and scenario analysis, making it versatile.

It emphasises the integration of costing and pricing into broader financial governance, including strategic and financial planning, annual budgeting, and ongoing cost reviews.

This ensures decisions are well-informed, transparent, and aligned with organisational goals.

It encourages the consistent use of assumptions and methodologies to build trust with stakeholders.

The Handbook provides detailed guidance on cost allocation, ensuring both direct and indirect costs are equitably distributed across programs.

It introduces the concept of cost drivers and methods for allocating shared resources effectively.

The iterative approach to costing and pricing allows organisations to refine their models based on experience and changes in the operating environment.

Regular updates to forecasts and assumptions help maintain relevance and accuracy over time.

The inclusion of "what-if" analyses allows organisations to explore the impact of changes in cost structures, funding levels, or service volumes.

This helps in proactive planning and risk management.

7.2.2 What are the weaknesses of the Handbook?

There were responses from 17 Delphi panel members to this question.

Length of Document

Comments from Delphi Panel Members

A bit too much information to digest

Again, a large highly detailed document that may be daunting to people.

too long and text dense. Perhaps it needs to be, but suggest more diagrams rather than text to describe aspects where feasible

Way too much information and some duplication with the framework.

Feel overwhelming!

Accounting Terminology

Comments from Delphi Panel Members

Too verbose - appears to be written for an academic audience; not a Community Sector audience.

It is still complex and non-accountant or finance people may find it difficult to understand.

The Handbook assumes operational and governance systems and structures that don't exist or are not feasible for many ACT human service NGOs (e.g. accounting department, Cost Committee)

The models and processes outlined require a high level of financial literacy and resources to implement effectively.

Smaller organisations with limited staff or financial expertise may find the Handbook overwhelming or difficult to use without additional support.

Audience/Purpose

Comments from Delphi Panel Members

I dont see how the handbook is relevant to policy makers

I would not use the handbook to redo our financial models we use. It may assist small and medium entities. I would also be concerned the Handbook would be used by government, and they expect all budget bids in this format.

The Handbook needs to be described as a tool you may use, not as a tool you must use.

While the Handbook is detailed, it assumes users have prior knowledge or access to professional advice, offering no built-in training mechanisms or beginner-level support.

Mark-ups

Comments from Delphi Panel Members

[I]ncluding mark ups may be a deterrent for these to be excluded by funders in considering budgets. It may also impact on value for money requirements within a procurement process with government and not look good for taxation purposes. If it is truly a cost of sustainability then shouldn't it be called this?

MS Excel

Comments from Delphi Panel Members

We currently use Excel for budgets etc and it is cumbersome, error prone and time consuming. Other agencies have much more intuitive budgeting programs and systems to make it easy for all staff, not just staff who are familiar with how budgets work, to access, update, report etc.

The reliance on Microsoft Excel for the models, while practical, limits scalability and automation.

Errors can arise from manual data entry or formula adjustments, increasing the risk of inaccuracies

The models are Excel-based and do not integrate with modern accounting software which could enhance usability and reduce errors

Costing is Resource Intensive

Comments from Delphi Panel Members

The emphasis on comprehensive data collection, iterative costing, and detailed allocation processes can be time- and resource-intensive.

Organisations with limited capacity may struggle to allocate the necessary time and resources to fully utilise the models.

Health Professionals

Comments from Delphi Panel Members

Lots of detail, just focuses on health professionals - could this be health professionals and other specialist service professionals?

[I]t separates out allied health professionals, but should it have other awards or specialist included? not many services would have allied health

What about classifications such as:

- Caseworkers/Casework Navigators
- Support Workers - overnight and weekend for 24/7 service models?

or are these considered within the *Health Professionals category - Unlikely - difference between Health and Community Service professionals. Our organisation has all three in terms of direct client delivery.

While sector-specific features (e.g., accommodation services, allied health pricing) are included, the Handbook does not provide extensive customisation for niche or specialised human services sectors.

This could make it less intuitive for providers with unique operational models or funding structures.

Items for Further Clarification

Theme	Comments from Delphi Panel Members
Volunteering	<p>Volunteering has been omitted altogether. As most of the sector is driven by volunteers not including them as both costs and in kind contribution is very problematic. Please see reports from VolunteeringACT including the State of Volunteering research.</p> <p>While volunteer contributions and donated resources are acknowledged as part of the cost base, the Handbook lacks detailed guidance on quantifying and integrating these elements into the costing models.</p>
Additional Leave/Penalties	<p>Does not appear to include guidance on how to manage employer-specific policies (additional leave types).</p> <p>How does a 24/7 rostered service take into account shift penalties.</p> <p>Employment Type: Casuals are entitled to Family and Domestic Violence leave as well as LSL.</p>
Account for Risk	<p>Unclear how the risk of not being able to recruit into a position or vacant positions is factored into this model (apologies if I missed this).</p>
Pricing/SDUs	<p>There needs to be additional information about how to price particularly in the client pricing calculator section. The nature of the work of many programs is that a client will vary in how much support they need over time - so in the initial weeks it may be one or two days of a staff members time, then drop down to a few hours a fortnight, then ramp up as they prepare for program exit.</p> <p>This is a crucial section to get right - some programs will fill more than 80% of staff time with client delivery, but that can be spread over 2 clients or 20 in a week. It is unclear how this would be factored in. The number of clients are limited by the number of staff available.</p> <p>The Term Service Delivery Unit - in terms of program information (Section 4) only SDU is included, however some services refer to Service User data and throughput. For example, a contract may support 4 service users at any one time, with an annual throughput of 14 users. So, you may have to have both and either can use both or use one or the other.</p> <p>Accommodation: How does this work as it is currently set up, make allowance for women, and accompanying babies/children. Or services that support women who are pregnant and then have the baby whilst in residence. How is this reflected in costing framework where the Service User is the woman however the baby/children and any combination of same adds to cost of service delivery.</p>
Revenue Funding Types	<p>What about Investment Earnings?</p> <p>Consider separating Donations and Fundraising, or at least including partners, for example: Donor, Community and Corporate Partner Funding</p> <p>Fundraising (Events)</p> <p>Any reference required here also for Service User Social Enterprise Model Revenue</p>

Other Areas

Comments from Delphi Panel Members

The Handbook acknowledges the subjective nature of cost allocation but provides limited guidance on standardising these judgments.

This can lead to inconsistencies in cost allocation and pricing decisions, especially for less experienced users.

Although the Handbook mentions transparency in funding negotiations, it does not provide detailed strategies for successfully negotiating prices with funders or managing disputes over funding shortfalls.

The Handbook focuses heavily on financial sustainability but does not incorporate methods for linking costs and prices to social outcomes or impact metrics, which are crucial for many human services organisations.

The iterative approach assumes that organisations have stable data and operating environments. Rapidly changing funding conditions or service demands may make it difficult to rely on historical data and forecasts.

The Handbook touches on compliance costs but does not provide robust guidance for managing the increasing burden of regulatory requirements, which can significantly impact service providers.

While there is a multiyear pricing component in the Program Model, the guidance on long-term financial planning beyond five years is not well developed, which could be a limitation for organisations with longer planning horizons.

Organisations might over-rely on the models without critically evaluating their assumptions or cross-checking results, especially given the manual nature of data input and formula adjustments.

Although the Handbook discusses mark-ups to manage risk, it lacks comprehensive strategies for identifying, assessing, and mitigating financial risks, such as sudden funding cuts or unexpected cost increases.

Didn't Test Models

Comments from Delphi Panel Members

Very hard to assess until the use of the handbook can be tested as part of completing the data collection.

Difficult to determine without actually using it how effective it is the processes described in the document - ie. preparing for transparency in funding negotiations are so distant from the reality of negotiations with CSD

7.2.3 What changes could be made to the Handbook to better meet needs associated with costing service delivery?

There were responses from 15 Delphi panel members to this question. However, this included 3 Panel members who responded saying they had no suggestions, thus the suggestions below reflect the responses from 12 Delphi panel members.

Simplify

Comments from Delphi Panel Members

Perhaps simplify it further

simplify it!

tighter, less text, more diagrams

May be worth developing some shorter 'cheat sheets' for people who need a bit of assistance, but not to the level provided in the full Handbook.

It's very detailed - would whether might be better called a user guide?

Introduce a simplified version of the models for small and medium-sized organisations with limited resources.

Simplify the language used in the Handbook to make it more accessible to non-financial staff.

Include summary dashboards for quick insights into cost structures, profitability, and pricing outcomes.

Offer tiered versions of the Handbook (e.g., beginner, intermediate, and advanced) to cater to organisations with varying levels of financial expertise and resource availability.

Examples/Case Studies

Comments from Delphi Panel Members

Inclusion of a case study for utilisation of the model

Include pre-filled templates or default assumptions to reduce the complexity of data entry and calculations.

Develop sector-specific guidelines and examples (e.g., disability services, aged care, housing) to make the models more intuitive and relevant for diverse human services providers.

Include pre-configured templates for specific services, such as transport, housing, or health care.

Include case studies and walkthroughs to illustrate the application of the models in real-world scenarios.

Incorporate real-world examples and case studies to show how other organisations have successfully implemented the models.

Include templates for documenting assumptions, cost drivers, and justifications for decisions to ensure transparency and defensibility.

Include templates for presenting cost data transparently to funders, supported by evidence-based justifications for prices.

Training

Comments from Delphi Panel Members

This is really helpful for organisations who have staff members with training and experience in using these sorts of spreadsheets. For small organisations and programs, there should be training and/or support available for them to learn how to use this tool properly.

Provide interactive training modules (e.g., webinars, videos, or e-learning platforms) to guide users through the costing and pricing process.

Error Checking

Comments from Delphi Panel Members

A trouble shooting section could be added. I tried to do it as a test, and have a lot of #REF! sections and after a solid 5 minutes I can't work out what I have not put in that is meaning a lot of things can't be calculated.

Implement built-in automation for repetitive tasks, such as cost allocation and error checking, to reduce manual effort and errors.

Strengthen error-checking mechanisms within the models, such as automated alerts for inconsistent data or misallocations.

Add guidance on common errors in cost allocation and how to avoid them.

Alignment with ACT

Comments from Delphi Panel Members

it needs to be more specific in how it aligns with work in the ACT

Provide detailed advice on managing funding inconsistencies between federal and ACT government agencies, including how to approach cross-subsidisation transparently.

Cost of Interruption

Comments from Delphi Panel Members

Is there scope to look at costs of interruption in continuity? Whether this is temporary closure/ceasing of service or activity or in relation to an unforeseen event.

Other Suggestions

Comments from Delphi Panel Members

Transition from static Excel models to a more dynamic, software-based solution that integrates with popular accounting systems (e.g, Xero).

Add methods for incorporating social outcomes and impact metrics into the costing and pricing models.

Provide a framework for linking financial inputs to social value creation, helping organisations demonstrate their impact to funders.

Include detailed methodologies for quantifying the value of volunteer time and donated goods or services.

Provide templates for tracking and integrating these resources into cost calculations.

Expand the models to include scenario planning tools that allow users to assess the impact of funding cuts, cost increases, or changes in service demand.

Improve the visual layout of the Excel models to make navigation easier, with color-coded sections, dropdown menus, and clear instructions on each worksheet.

Expand guidance for organisations in small-demand or thin markets, providing strategies for managing high fixed costs with low service volumes.

Offer solutions for collaborating with other providers or governments to achieve economies of scale.

Explore the use of cloud-based solutions for real-time collaboration among team members.

Include mobile-friendly tools or applications for on-the-go data entry and analysis.

Provide a checklist for organisations to track their progress in completing the costing and pricing process.

Add guidance on involving staff at all levels in the costing and pricing process to ensure alignment with organisational goals.

Provide strategies for fostering cross-department collaboration in financial planning.

Highlight best practices in areas like cost allocation, pricing strategies, and funder negotiations.

Add a dedicated section on financial risk management, with strategies for mitigating risks associated with underfunding or over-allocation of resources.

Provide a section on how to account for compliance and regulatory costs, including guidance on allocating these costs equitably across programs.

Include templates for tracking these costs and incorporating them into pricing models.

Expand guidance on multiyear financial planning to help organisations plan beyond five years, aligning with long-term strategic objectives.

Include tools for projecting cost increases due to inflation, wage growth, or policy changes.

Add a section on negotiation strategies to help organisations advocate for appropriate funding levels.

7.3 Costing & pricing Models: Service provider, Single Product

A note when reviewing this feedback.

Four panel members indicated their feedback to the *Single Product Model* was the same as their feedback to the *Service Provider Model*, responding with “as above” and “Same as my comments on the provider model.” These responses, which apply to both Models have been included in the Provider Model section, and have been underlined.

Additional feedback relevant only to the Single Product Model is found at the end of this document.

7.3.1 What are the strengths of the Models?

There were responses from 15 Delphi panel members to this question. However, one panel member used this section to make a suggestion and another panel member explained that they were not sure of “...how useful it is for organisations as I have no experience in this area”, thus, the following reflect the responses from 13 panel members.

Comprehensive/Thorough

Comments from Delphi Panel Members

clear and comprehensive
if there is not an existing tool that agencies use it would be very beneficial
without being able to use the tool it is difficult to add more

comprehensive

Comprehensive
Covers all components of a standard costing excel model which we have seen for this area of work.

It is comprehensive and a resource for entities without a robust capacity to undertake service provider costing.

looks thorough and it covers everything

Very comprehensive and able to accommodate many different types of human services providers and their different ways of doing things

Captures a wide range of potential scenarios and associated costs so should be broadly applicable to the majority or enterprises. Laid out logically and with the embedded formulas and workbook protection should be easy to use for small organisations who don't have a high degree of financial acumen.

Good Guidance

Comments from Delphi Panel Members

Good guidance provided.

Good use of comment boxes to highlight data entry requirements.

Commentary noting the limitations of the model is helpful, thank you.

Breaks things down clearly

provides an excel sheet to determine costs

Detailed Feedback

Comments from Delphi Panel Members

The inclusion of Microsoft Excel-based models (Provider and Program Models) is a significant strength, allowing organisations to perform detailed cost and price calculations.

These tools are highly adaptable, enabling organisations to apply them to various scenarios, such as new program development or adjustments to existing services.

The model provides detailed accounting for various cost categories, including direct overhead, property, vehicles, and capital purchases, ensuring no major cost element is overlooked.

It considers both fixed and variable costs, offering a full picture of the financial requirements for delivering the program.

The Key-Data sheet allows users to input assumptions and variables in one place, which then flow through to other parts of the model. This ensures consistency and minimises repetitive data entry.

The model is organised into clear and distinct sheets, such as People, Property, and Direct OH, allowing users to focus on specific aspects of cost allocation and pricing without being overwhelmed.

The model accommodates customisation based on the organisation's needs, such as different funding sources, pricing structures, and service delivery volumes.

It includes specialised sections like Client, Accommodation, Pricing and Health Professionals Pricing, making it adaptable to specific service types.

The Multiyear Pricing sheet enables organisations to develop pricing strategies over multiple years, accounting for inflation, wage growth, and other cost escalators.

This focus on long-term planning helps organisations ensure financial sustainability.

The Program Pricing sheet provides a structured method for calculating the price of services or products based on comprehensive costs and desired mark-ups.

This ensures that pricing decisions are transparent, justifiable, and aligned with organisational goals.

By factoring in all cost elements and allowing for mark-ups, the model ensures that organisations can set prices that cover costs and contribute to financial stability.

It helps highlight funding gaps, allowing organisations to address shortfalls proactively.

The model allows users to test different assumptions (e.g., service volumes, cost changes, funding levels) and analyse their impact on overall pricing and financial viability.

This flexibility supports strategic decision-making and risk management.

The Version Control sheet ensures that changes to the model are tracked, making it easier to audit and maintain accuracy over time.

The model emphasises documenting assumptions, allocations, and cost drivers, promoting transparency in financial calculations and pricing decisions.

This is particularly useful for negotiations with funders or stakeholders.

The inclusion of specialised pricing sheets for health professionals and client accommodation enhances its relevance for organisations providing these types of services.

These sheets consider unique cost structures, ensuring accurate pricing for specialised programs.

The model is suitable for organisations operating under various funding structures, including block funding and price funding.

It accommodates hybrid funding models, increasing its applicability to diverse organisational contexts.

The model calculates comprehensive costs and incorporates mark-ups to ensure full cost recovery, reducing the risk of underpricing services.

The Capital Purchases sheet enables organisations to plan for significant capital investments, ensuring these are accounted for in pricing and financial planning.

The structured outputs of the model support decision-making at an organisational level, helping boards and executives align pricing strategies with strategic goals.

The modular design and centralised data inputs minimise errors by ensuring consistent data usage across sheets.

Error-checking mechanisms highlight inconsistencies or missing data

7.3.2 What are the weaknesses of the Models?

There were responses from 15 Delphi panel members to this question. However, this included 2 Panel members who responded saying there were no weaknesses and another saying they could not review the model, thus the comments below reflect the responses from 12 Delphi panel members.

Detailed

Comments from Delphi Panel Members

A lot of detail

As above - very detailed and overwhelming

Too many sub-tabs where data could be aggregated at a higher level.

is it too overwhelming and therefore confusing
without being able to use the tool it is difficult to add more

Requires Assistance/Resources

Comments from Delphi Panel Members

Requires a resource to produce, maintain and update the information so this in itself is a cost

What leads to its strength is also a weakness. Many providers are small, budget constrained organisations who are going to struggle to use the model effectively without specialist help.

With the workbook locked down with protection if an organisation needs customisation they will need to engage assistance to do this, which will come at a cost.

The model's detailed structure and extensive data requirements can be overwhelming for smaller organisations with limited resources or financial expertise.

Smaller providers may struggle to use the model effectively without dedicated training or support.

Significant time and effort are required to gather, input, and maintain the data necessary for the model's functionality.

This resource-intensive nature may be a barrier for organisations with limited staff capacity or technology infrastructure.

The model assumes a baseline level of financial knowledge but does not provide embedded tutorials, tooltips, or guides to assist less-experienced users.

This can create a steep learning curve for new users or smaller organisations.

Without automation, updating the model regularly can become a cumbersome process.

Relevance to Policy Makers

Comments from Delphi Panel Members

This is not relevant to policy makers

Potential Issues of Fit

Comments from Delphi Panel Members

Very hard to assess until the model can be tested with actual data - there may be issues of "fit" arising during the process.

Don't want to be forced

Comments from Delphi Panel Members

I would not want to be forced to use this as a requirement for government tenders for commissioning.

We have invested in our own capability to compete our own costings and do not want to lose this investment we have already made and what has been successful for both governance and operational requirements.

Link to Appendix in the Framework

Comments from Delphi Panel Members

How does Appendix A - Cost Types and Examples shared in the Framework connect with the Provider Model? Could the Expense Description be prepopulated so people could choose from the drop down box? This supports greater consistency and simplifies data entry.

Single Product Model

Theme	Comments from Delphi Panel Members
Work Backwards	I couldn't tell whether there is an ability to work backwards? for example government puts out that a service will be funded \$500,000 and it could calculate what could be provided for this amount?
Start-up Costs	Could it be beneficial to offer a sheet for start up/establishment costs? i.e. the one-off costs to assist Boards/Execs to consider the upfront investment and associated risks?

Other Weaknesses

Comments from Delphi Panel Members

The reliance on manual data entry increases the risk of human error, such as incorrect allocations or omissions.

The model's outputs rely heavily on the accuracy of assumptions, such as cost drivers, allocation percentages, and future cost escalations.

If these assumptions are subjective or inaccurate, the resulting calculations and decisions could be flawed.

The model provides flexibility for allocating costs but offers limited guidance on selecting and justifying allocation methodologies.

Users with less experience may find it challenging to apply equitable or defensible cost allocations.

This limits its utility for organisations seeking to link financial sustainability with social value creation.

The model is Excel-based, which limits real-time data integration and dynamic updates.

Changes to cost drivers or external factors require manual updates, reducing efficiency and adaptability in rapidly changing environments.

While the model includes mark-ups for cost recovery, it lacks comprehensive tools or guidance for identifying, assessing, and mitigating financial risks (e.g., funding cuts, cost escalations).

Although it supports some scenario planning, the model lacks advanced features like sensitivity analysis or probabilistic modeling to assess the impact of multiple variables simultaneously.

The model is not integrated with popular accounting software (e.g., Xero), requiring manual data reconciliation and limiting its real-time functionality.

While the Multiyear Pricing sheet allows for projections, it does not offer robust long-term planning tools for more than five years.

Indirect costs, such as general administration or compliance, are included, but the model provides limited guidance on how to allocate these costs transparently and fairly across programs.

While costs such as capital purchases and overheads are addressed, compliance costs (e.g., regulatory reporting, accreditation) are not explicitly accounted for or separated as a unique category.

The model does not include dynamic dashboards or visual summaries, making it harder for users to interpret data quickly or present it effectively to stakeholders.

The model does not provide clear methods for valuing or incorporating volunteer contributions or donated resources into its cost structure.

While the model generates pricing calculations, it does not offer pre-formatted reporting templates for presenting results to funders, boards, or stakeholders.

The model prioritises financial metrics, with little integration of social outcomes or impact metrics, which are critical for many human service organisations.

There are no automated tools for recurring tasks like cost allocation or report generation, making the model less scalable for larger organisations with complex financial structures.

This restricts its utility for organisations that need robust "what-if" planning.

Organisations with extended strategic horizons may find the planning capabilities inadequate.

While the model includes sheets for health professionals and client accommodation, it may not fully address the needs of niche or highly specialised services.

Users in unique sectors may need to heavily adapt the model, which requires additional time and expertise.

The model is designed for single-user scenarios and does not support real-time collaboration or multi-user access, limiting its effectiveness for larger teams.

7.3.3 What changes could be made to the Models to better meet needs associated with costing service delivery?

There were responses from 9 Delphi panel members to this question. However, this included 3 Panel members who responded saying they had no suggestions. Further, we include the suggestion given in an earlier question. Thus, the suggestions below reflect the responses from 7 Delphi panel members.

Potential Additions

Theme	Comments from Delphi Panel Members
Definitions	May benefit from replicating some of the definitions from the handbook to ease usage.
Explain Formula	<p>Not sure. Simpler models may not achieve what is wanted here. Users do not need to understand the formula construction but being able to follow the formulae helps, sometimes, in understanding what is required. Not sure I would change the model but make sure that users are aware of the skill set required to complete it satisfactorily and support those who are going to struggle.</p> <p>It is difficult to provide feedback without applying the model to see how well it works. This makes it hard to judge the efficacy of the models without that sort of intensive testing. The spirit and intent look right though.</p>
Transitions	Transitions are not costed for and should be.
Regulations	I think overall the tools are good but there seem to be a gap in thinking about potential impacts on costing of policy and practice requirements imposed by ACT government and or Australian government. The most obvious is employment conditions but also insurances, application of care standards etc. Do we have an understanding of the regulatory context in which services are working and costs in meeting those?
10-Years	Multi-year should offer the space for organisations to enter data for up to 10 years, with a disclaimer similar to that offered in the Framework.
Smaller Organisations	that smaller orgs can utilise this to their benefit - that it aids them to build their true cost base
Revenue Funding Types	<p>What about Investment Earnings?</p> <p>Consider separating Donations and Fundraising, or at least including partners, for example: Donor, Community and Corporate Partner Funding</p> <p>Fundraising (Events)</p> <p>Any reference required here also for Service User Social Enterprise Model Revenue</p>

Increase Flexibility

Comments from Delphi Panel Members

I have not done a deep dive into trying to complete this, only feedback is it needs to be flexible to adjust fields as required, you cannot have a one size fits all.

providing smaller orgs can utilize it effectively and it is adaptable across varied services and structures

Simplify

Comments from Delphi Panel Members

Perhaps simplify

Create a lightweight version of the model tailored for smaller organisations, focusing on essential cost elements without requiring extensive data input.

Simplify terminology and include a beginner-friendly glossary for all financial terms used in the model.

Add a "quick-start" guide for users with minimal financial knowledge.

Other Suggestions

Comments from Delphi Panel Members

Provide pre-set assumptions or default values for common cost drivers, reducing the workload for less-experienced users.

Integrate automation features to reduce manual data entry, such as:

- Dropdown menus for selecting cost drivers.
- Built-in formulas for common calculations.
- Auto-populated fields where possible.

Introduce error-checking mechanisms to flag inconsistencies or incomplete data.

Enhance the model's ability to support scenario analysis by adding:

- Sensitivity analysis tools to assess the impact of changes in key variables (e.g., cost escalations, funding cuts).
- Probabilistic modeling to explore best-case, worst-case, and expected scenarios.

Include step-by-step guidance on selecting and applying cost allocation methodologies to ensure equitable distribution of indirect costs.

Add pre-configured cost drivers for common expenses (e.g., staff hours, service volumes, square footage).

Add a section to link social impact metrics with financial costs, helping organisations demonstrate how investments translate into measurable outcomes for clients.

Provide templates for calculating and reporting social return on investment (SROI).

Include pre-formatted reporting templates that summarise key outputs for different audiences (e.g., funders, boards, operational staff).

Enable automated generation of visual summaries such as charts, graphs, and tables.

Embed tooltips and in-sheet instructions to guide users through data entry and analysis.

Develop complementary resources such as video tutorials, webinars, and user manuals tailored for different levels of expertise.

Add a dedicated section for valuing volunteer contributions and donated resources to reflect their impact on cost structures.

Include templates for tracking these inputs and integrating them into cost calculations.

Expand the Multiyear Pricing sheet to support longer time horizons (e.g., 10 years) and include:

- Inflation rate adjustments.
- Wage growth projections.
- Capital expenditure forecasting.

Incorporate dynamic dashboards with interactive visualisations to display key metrics like cost trends, break-even points, and funding gaps.

Use color coding and real-time updates to make data interpretation easier.

Enable data integration with accounting and payroll systems (e.g., Xero,) to streamline data imports and reduce manual entry.

Provide real-time syncing options to reflect updated financial data.

Include a specific section to track and allocate compliance-related costs, such as accreditation, auditing, and reporting requirements.

Offer templates for documenting these costs and allocating them to relevant programs.

Enable multi-user access to the model for collaborative data entry and analysis across teams.

Include user permissions and version control to ensure data security and accuracy.

Strengthen error detection features, such as automated alerts for missing data, unrealistic assumptions, or inconsistent allocations.

Provide recommendations for resolving flagged issues.

Offer additional customisation options for specialised sectors (e.g., mental health, disability services, community housing Youth Services).

Include sector-specific examples and pre-configured templates to reduce setup time.

Add a section for thin market strategies, offering guidance on managing high fixed costs in areas with low demand.

Provide collaborative cost-sharing models for small or rural service providers.

Develop tools for financial risk assessment, such as a risk matrix or scenario builder for common risks (e.g., funding cuts, cost escalations).

Include a "risk-adjusted pricing" feature to help organisations account for uncertainty.

Enhance the Capital Purchases sheet to include:

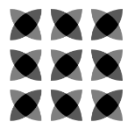
- Depreciation calculations.
- Long-term replacement planning.
- Impact analysis of capital investments on overall costs and pricing.

Add a "stakeholder view" option to generate simplified summaries for funders, clients, or partners.

Include a breakdown of how costs contribute to service quality and outcomes.



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VALUE
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