



CONTRIBUTION OF THE NOT FOR PROFIT SECTOR - ISSUES PAPER

SUBMISSION TO THE PRODUCTIVITY COMMISSION

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For further information in
relation to this submission
please contact:

Amanda Jones
Senior Internal Consultant - Policy & Practice
Berry Street
p: 03 9429 9266
e: adjones@berrystreet.org.au

INTRODUCTION

Berry Street welcomes the opportunity to respond to the Productivity Commission's Issues Paper on the contribution of the not for profit sector, and specifically, the intention to improve the measurement of the community sector's contribution and remove obstacles to maximizing those contributions. This submission confines itself to addressing those questions raised by the paper that are of key relevance for Berry Street as a large, independent child and family welfare organisation operating within Victoria.

PROFILE OF BERRY STREET

Background

Established in 1877 as the Victorian Infant Asylum, Berry Street chooses to work with children, young people and families with the most challenging and complex needs, including those for whom we are often the last resort.

These children and young people have suffered great distress and significant harm growing up in families where violence, chronic neglect, substance abuse, mental illness, and poverty have prevented them from having a good childhood. Incorporated under the Associations Incorporation (Amendment) Act 1997 with a voluntary Board of Directors, Berry Street is now the largest independent not for profit child and family welfare organisation in Victoria.

Berry Street provides an extensive range of services for children, young people and families across rural, regional and metropolitan Victoria. We work from 18 offices and a further 32 worksites, with the majority of services in the Gippsland, Hume, North & Western Metropolitan and Southern Metropolitan regions.

Berry Street employs approximately 430 (EFT) staff and has the support of over 200 volunteer caregivers and in excess of another 250 other volunteers. The budget for 2008/09 is more than \$45 million. Our greatest challenges today arise from the impact on children and their families of domestic violence, substance abuse, mental illness, poverty and unemployment. A summary of our services is attached at Appendix 1.

SUBMISSION

1. Measuring the contribution of the not for profit sector

Appropriate methodologies for evaluating the contribution of the not for profit sector, including appropriateness of using a range of indicators for this purpose

- Berry Street agrees with the need to move beyond business/input and throughput indicators, to output and outcomes indicators in measuring the benefits of the not for profit sector to individuals, families and communities in a more meaningful way. Number of bed nights tells us nothing about clients' experiences of service provision or of its contribution to achieving client change. This would assist to improve government, business and community understanding and valuing of the not for profit sector's contribution, as

well as inform policy and program development. We concur, however, with the analysis that attribution becomes more difficult, and data less readily quantifiable and tangible and more resource-intensive to derive, as measurement moves from inputs through to impacts. Quite apart from the challenge of identifying and reaching consensus on outcome and impact indicators, this raises critical issues of capacity and resources: the costing of service provision does not include the capacity of services to undertake evaluation in-house or purchase evaluation expertise, develop information management systems that support practical data collection and analysis against these indicators, or enable meaningful consumer participation in evaluation or practice research. Fair costing of services needs to incorporate evaluation (and ideally practice research) as an essential component of contracts to support this. An example of how this has been done well and sustainably is the Department of Human Services (DHS) contract for Take Two, a partnership of therapeutic services between Berry Street, Latrobe University School of Social Work & Social Policy, Victorian Aboriginal Child Care Agency, Mindful and Austin Child and Adolescent Mental Health Service to help children and young people recover from the trauma of family violence and child abuse and neglect. The contract embeds 5% for planned action research and training.

2. Enhancing the efficiency and effectiveness of the not for profit sector

Experiences with attracting both paid and volunteer workers with the appropriate level of skills.

- Salary packaging has certainly assisted community service organisations in offsetting some of the disparity in remuneration with other sectors, including the public, private and health sectors, and as such has become a crucial recruitment tool. However, the benefit of FBT exemption status has not increased over time to keep pace with CPI, and so going forward its value as a mechanism for maintaining approximate parity and recognition of the contribution of the sector will be eroded. One possible solution is to introduce FBT indexation.
- In Berry Street's experience it is often the case that social work and other graduates are not work-ready. It would seem that universities generally could improve the ways in which they prepare graduates for the sector. This implicates the adequacy of curriculum development in consultation or partnership with the sector. One example here is that of the appropriate skill level for residential care work in out of home care. Workers are required to undertake Certificate IV in Protective Care, and if this is their first qualification then Berry Street is reimbursed by the Federal Government for the cost of that training, whereas if the worker already has a degree qualification in social work there is no reimbursement. The social work degree does not, however, provide sufficient skills development in protective care.
- Service delivery in rural regional Victoria is hindered by the lack of qualified paid workers. Berry Street has struggled in particular to recruit specialists in regional Victoria. There is a need to support rural education providers to create more course places and incentives to encourage graduates to practice in rural-regional locations. The Federal Government could also develop a strategy in consultation with the states/territories to enable professionals to relocate themselves and their families, e.g. through a reduced tax rate or a flat rate relocation/rural allowance. Berry Street is currently exploring the effectiveness of a \$5,000 relocation allowance and tailored support to assist the professional and their family to integrate into their new community.

- There has been much emphasis by the Federal Government on workforce strategy, but this has been confined to particular sectors. The Federal Government has a role in raising the profile of the community sector and exploring means of investing in it, as it has done with other sectors, to support the development of a vibrant sustainable workforce.

The extent to which institutional arrangements and regulations restrict the financing options available to not for profit organizations.

- The regulation of charitable activity is a responsibility that rests with the states, resulting in a myriad of state requirements which impede the efficient operation of community sector organisations (CSO's) across jurisdictions. A more streamlined national system should be adopted. In this regard, Recommendation 9 from the Senate Inquiry into disclosure regimes for charities and not for profit organizations remains relevant: The committee recommends that a National Fundraising Act be developed following a referral of powers from states and territories to the Commonwealth.

What factors are impeding the spread of knowledge among Australian not for profit organisations regarding how well they deliver their outcomes and key drivers of their efficiency and effectiveness in doing so.

- As above, one critical factor is the challenge of undertaking evaluation in-house or purchasing evaluation expertise, developing information management systems that allow for practical data collection and analysis against these indicators, and enabling meaningful consumer participation in evaluation or practice research, when government funding contracts typically do not cost in these components.

The effect of government funding on other services offered by not for profit organizations. Are there significant economies of scale and/or scope in service delivery? How important is the capability of some not for profit organizations to deliver an integrated service to the value they generate?

- Berry Street believes that the complexity and high risk nature of much of the work many community service organizations like Berry Street undertake demands scale. Clearly, smaller not for profit organizations have a role, particularly in preventative services, but many are not well placed due to lack of economies of scale and integration to deliver the more complex high risk services that are sustainable through the synergies and resources afforded by larger organisational capacity.

3. Service Delivery

Opportunities for improving funding and contractual arrangements to promote better outcomes

- Government should pay a fair and transparent price for contracted services, i.e. inclusive of infrastructure, training, staff overheads etc. This has been an ongoing battle at both State and Federal levels, with some progress within Victoria in some program areas. CSO's have significant infrastructure costs to meet contract requirements, but these are either not costed at all or costed at an unrealistic level. The Victorian Bushfire Case Management Service could be considered the exception that proves the rule here. The Federal government initiative to provide access to computers for every child in school is another case in point: the hardware was provided, however, there is no costing of maintenance, upgrading, licensing of software, depreciation etc. Funding models must be amended to reflect the true costs of providing services.

- Partnerships can add enormously to the value of a service and its outcomes, however, funding and contractual arrangements typically do not recognise the significant cost to community sector organisations of establishing and maintaining these.
- We would welcome more flexibility in contracts through linking funding to outputs and outcomes rather than inputs, and allowing community sector organisations to determine the best service delivery activities to deliver on those outputs and outcomes.
- The sector would benefit, in Berry Street's view, from standardisation in relation to tender templates. Currently, for instance, there is no standardisation in the treatment of GST in tenders. All contracts should be GST- exclusive as a matter of course, but this is not the case, giving rise to unnecessary confusion and inefficiency.
- There is unnecessary duplication in the requirement to provide financial information about the organisation for government tenders and submissions. Every time Berry Street tenders for funding, regardless of the department or division, it is asked for this same information. It would be preferable to develop a format for provision of this information that organisations complete periodically/annually and that the various departments and divisions can access.

The effectiveness of existing accountability and reporting requirements, including options for improvement

In general, there are unnecessary and disproportionate burdens for community service organisations in terms of quality compliance, financial acquittal and service data reporting.

Quality compliance

- Berry Street undertakes auditing and compliance activities with 38 programs across the organization. Each funding stream (DHS divisions and Commonwealth) has developed and implemented specific standards for services they fund that organisations must meet. Each framework requires the same processes - internal and external auditing cycles, file auditing, evidence identification and gathering, stakeholder feedback, action planning and monitoring - and each has different reporting tools, checklists, guides and evidence requirements. This leads to a large amount of repetition of information in separate formats.
- Services are required to undertake auditing and review activities and report these to the relevant areas of the State or Federal Government department on an unfunded basis. These activities are resource intensive. The need for organisations to self-fund these roles and activities reduces available resources in other areas. Funders need to acknowledge the work involved in reporting and monitoring of quality standards and activities, the development, implementation and monitoring of resulting action plans and projects and in attending the various sector meetings, groups and discussions, and resource organisations accordingly.
- The capacity of organisations to undertake quality processes and activities impacts differently depending on the size of the organisation. Smaller organisations generally do not have the resources available to appoint a position to undertake quality accreditation work for the organisation. Therefore, this work is completed by managers and/or practitioners in addition to their usual workload and often without the requisite knowledge of quality systems and processes. Medium sized organisations may be able to allocate a small amount of funds towards a part-time quality position. This person may fill the position 2 days a week as a project position which then frees direct staff and manager. Generally these roles are time-limited in their appointment which can leave actions and tasks to complete with staff/managers to follow up in addition to their usual roles. Some small and medium organisations may have multiple funding sources to assist in delivering

their services (for example - 0.5 positions funded through federal government, 1 EFT housing worker etc.) This then requires the organisation to respond to multiple quality standards. In some cases the work required to comply with standards may be disproportionate to the funds and positions and organisations have had to decide whether to keep positions on. Larger organisations usually offer a range of services (housing, aged care, out of home care etc.), and the multiple programs and funding sources require the organisation to respond to multiple quality standard frameworks. These organisations have self-funded dedicated quality positions through necessity, and resources are required to be constantly involved in auditing activities at the expense of quality improvement activities. To support these activities within Berry Street a 1.0 EFT position was created to focus on practice development. A 0.5 EFT position exists within the People, Work and Culture Unit to focus on corporate development and compliance and a portfolio responsibility is allocated within the Take Two program. Program staff/management time is an additional cost to ensure the processes are completed.

- Different standards and frameworks make it more difficult to embed these into the organisation's culture. While a 'quality mindset' is achievable, it would certainly be our preference to ensure all staff are comfortable with and aware of their practice standards. Reporting to different standards in different programs prevents the organisation developing consistency in tools, processes, cycles and induction to these.
- Some frameworks (e.g.: DHS's CSO Registration) require reporting to occur on a regional basis and others (e.g.: the FaHCSIA-funded Family Relationship Services Program) require organisational/central reporting. This is confusing, cumbersome and inefficient for multi-region agencies such as Berry Street and causes overlap between quality assurance processes and program/contract monitoring.
- Berry Street has undertaken a mapping exercise to identify common standards or address common practices. There is clear commonality in the areas of:
 - Governance and leadership
 - Complaints management systems
 - Occupational Health and Safety
 - Staff recruitment
 - Equal opportunity
 - Feedback systems
 - Rights and Responsibilities
 - Consumer participation
 - Staff supervision
 - Professional development
 - Privacy and confidentiality

Each set of standards requires organisations to have processes in place to cover these key areas of operation with different evidentiary requirements.

- If integrated standards were developed the organisation could report compliance each year (either through an internal or external auditing process), develop and monitor action plans and focus energy and resources on practice improvement, and thereby, improved outcomes for clients. The recognition for the need of a set of integrated standards has increased over the past year and the sector is clearly stating that a more efficient system is required. As a result of this, Berry Street has commenced an Integrated Standards Project to explore how integrated standards could be developed and applied to different organisations in the sector. Berry Street has invited other organisations to take part in the project and assist in developing this piece of work which will ultimately be presented to DHS.

- To achieve a more efficient system Government areas should identify the key requirements of a community service organisation funded by any division. These key requirements may relate to ensuring that processes are in place around recruitment, governance, rights and responsibilities etc. A 'whole of Government' (State and Federal funders) agreement should be reached in relation to this.
- CSO's should receive additional funding by government to implement quality assurance systems and programs. Such funding should be built into funding models. The real costs of implementing quality improvement also need to be negotiated between Government and CSO's before being established and new initiatives commenced.
- A significant proportion of Berry Street's services are unfunded by Government (either through philanthropic, donor, corporate or investment income). The current approach to standards, accreditation and quality assurance means that services delivered through these funding mechanisms are not covered by any sense of quality assurance or regular internal review mechanisms. A more integrated and whole-of-organisation approach to QA would ensure that these programs are both reviewed under the same framework (internal organisational coherency) and are also delivered to the same standards as other programs, thus providing a 'service guarantee' to both the community and other funders.

Financial acquittal

- Berry Street endorses Recommendation 12 of the Senate Inquiry into disclosure regimes for charities and not for profit organisations that the Commonwealth government work with the sector to implement a standard chart of accounts for use by all departments and not for profit organisations as a priority. While QUT has finished its initial study on the development of a standard chart of accounts, it appears there will be some delay before implementation is undertaken in Victoria. There are some immediate and basic ways in which standardisation could be achieved ahead of this, e.g. in relation to how employees are costed. The DHS Human Services Partnership Implementation Committee (HSPIC) is working on such a standardised template for detailing expenses, and an equivalent process is needed at the Federal level to achieve an early outcome.
- Financial acquittal reporting to Victorian Government departments (mostly the Department of Human Services) has improved in that there is effectively one acquittal per DHS region. Acquittal to Federal Government departments, however, is disproportionately burdensome in Berry Street's experience. For instance, one program may have four streams of funding from the same department within FaHCSIA, and each requires a separate acquittal in a different format.
- Some government departments can be inflexible and overly prescriptive, in Berry Street's experience, in negotiating financial reporting. A case in point is the administration of finances in relation to Berry Street's independent school, the Best Centre. This is a small alternative school, with two campuses, that Berry Street has established because the mainstream education system does not currently adequately provide for the education needs of children and young people who have, for various reasons, been alienated or excluded from mainstream schooling. The vast bulk of Berry Street's business is in child and family welfare, as opposed to education, and the reporting requirements are onerous for the organization compared to, say, a large mainstream school. In addition, there is no flexibility to negotiate the reporting period: a full set of Berry Street accounts is required on a calendar year, rather than financial year, basis.

Service data reporting

- Berry Street is currently required to comply with a proliferation of government-prescribed service data collection systems and reporting regimes. Apart from the volume of data reporting that is required, there are issues of both duplication and non-comparability arising from lack of standardisation of data variables. The sector needs more consistent data sets to aid comparison and aggregation. There are also persistent major difficulties in customising mandated information management systems sufficiently for our internal data collection needs, as well as obtaining a return from the funding body on the data we input in the form of comparative reports.

APPENDIX 1 – SUMMARY OF BERRY STREET SERVICE TYPES

Our services cover eight main service types:

COMMUNITY PROGRAMS

While we choose to work with clients with the most complex needs, we also look for opportunities to strengthen communities. We focus on the early years, financial inclusion and capacity building in rural communities.

DISABILITY SERVICES

Physical and intellectual disabilities and mental health issues are common for our children, young people and families. Although a relatively small part of our service mix, we run 2 very successful youth outreach programs for those young people who have an intellectual disability and very challenging behaviours.

EDUCATION SERVICES

The development of our education service is a relatively new initiative for Berry Street and is a result of too many of our children and young people either being excluded from school or dropping out. We run an independent school, with campuses in Noble Park and Morwell, and an extensive range of education programs. We are also a Registered Training Organisation and work in mainstream schools.

FAMILY SERVICES

Our family services help parents manage their children better and help resolve conflict between them and their adolescents. We also play a lead role in the delivery of a comprehensive set of services for families suffering family violence, help women keep themselves and their children safe and provide a contact service for parents who cannot manage safe access arrangements for their children.

HOME BASED CARE SERVICES

Home Based Care relies on the willingness of accredited foster carers, who want to help children and young people recover from the trauma of family violence and child abuse and neglect. These exceptional people are supported by our professional staff, who also work with the children and their families.

RESIDENTIAL CARE SERVICES

Berry Street's residential care program is often the "last resort" for young people whose traumatic childhood means they can't be managed by other services. Trained staff live with and look after up to 4 young people in each of 20 houses across Victoria.

THERAPEUTIC SERVICES

We know that care alone is not sufficient to help children and young people recover from the trauma of family violence and child abuse and neglect. Through Take Two, and other counselling programs, we work intensively with the distressed child or young person and often their carer, to help them understand their pain and learn to trust again.

YOUTH SERVICES

We know that adolescence is a "window of opportunity" to help young people recover from traumatic childhoods. Our youth services include counselling, outreach, life skills, mentoring, accommodation and employment programs.