

Productivity Commission Issues Paper: Contribution of the Not-for-profit sector

1. MEASURING THE CONTRIBUTION OF THE NOT-FOR-PROFIT (NFP) SECTOR

Assess current and alternative measures of the contribution of the not for profit sector and how these can be used to better shape government policy and programs so as to optimise the sectors contribution to society

The contribution of Family Planning NSW

With regard to the Productivity Commission Issues Paper, FPNSW fits into the category of a non-Government Organisation that predominantly delivers government-funded services. Rather than competing with government-run services, however, FPNSW fills a significant gap, because while state government sexual health services are currently limited to seeing people in priority populations, anybody can use FPNSW services. People who are not eligible to use sexual health services are welcomed by FPNSW.

What makes not for profit organisations different?

FPNSW meets the priorities of the State Health Plan in its service delivery, but it is not a government organisation. This independence is significant in many ways: at an ideological and practical level, some people, particularly refugees and others who have borne the brunt of authoritarian governments overseas, are suspicious of governmental delivery of family planning services. Conversely, in Australia the Family Planning movement has a reputation as being woman and family centred, promoting choice and human rights. The distance from government allows FPNSW to 'speak' to populations about sensitive issues in language that would be deemed unacceptable from government. Finally, FPNSW has the flexibility as an NGO to relocate to where communities of need are located, which would be much harder were it subject to political processes strategic relocation (the popularity of FPNSW services is such that closing a facility causes community outcry – for a non-government facility, this does not have electoral repercussions so the broader interests of the populations of need take have higher priority than electoral considerations).

This section will outline how the activities of Family Planning NSW (FPNSW) dovetail with government policy and contribute to good outcomes in the sexual and reproductive health of the NSW population.

The NSW State Health Plan has four overarching goals:

- To keep people healthy;
- To provide health care that people need;
- To deliver high quality services;
- To manage health services well.

FPNSW aims to maximise good sexual and reproductive health outcomes in the New South Wales population in line with these goals.

How do not- for-profit organisations contribute?- operations of FPNSW categorised in accordance with the overarching goals of the State Health Plan

Keeping people healthy

To keep people healthy, FPNSW provides high quality clinical sexual and reproductive health services at strategic sites throughout the state. As the capacity for direct service provision is necessarily limited, however, clinical services form part of a web of information, education, health promotion and training structured to maximise the population benefits.

Reliable information and health promotion services can reduce clinical burden by resourcing people to understand the range of sexual and reproductive health options and their respective benefits and risks. For example, accurate and up-to-date information on contraceptive options and sexual health is available through medically reviewed plain-language facts sheets on the internet, and supported by both email and telephone services that provide non-judgemental, confidential and evidence-based answers tailored to individual sexual and reproductive health queries within 24 hours.

FPNSW is also a training organisation. The provision of sexual and reproductive health training to general practitioners facilitates the dissemination of knowledge and expertise that have been developed by the clinical staff at FPNSW to a wider range of clinicians. This enables those for whom sexual and reproductive health forms but part of their practice to benefit from the skills and insights garnered by those who are immersed in the area, creating better experiences for patients.

Providing the health care that people need

FPNSW operates within a social model of health that recognises that people have different health needs and vulnerabilities based on factors including gender, cultural and linguistic background, Aboriginality, educational, economic and refugee status, age, geographic location and sexuality. The organisation is committed to the goal of health equity between people and helping to close the health gap that separates disadvantaged populations from others. Accordingly, FPNSW services are located in geographical regions where disadvantaged people reside, and services are periodically relocated as populations shift. FPNSW clinicians are trained in working appropriately with cultural diversity including skills in taking sexual histories so as to encourage full disclosure of relevant health facts, and in working with translators. Structural adjustments are made to accommodate culturally and linguistically diverse clients, such as making block bookings for particular groups and having longer standard consultation times when interpreters are needed.

FPNSW services are also provided free of charge, with an optional suggested donation of \$15-\$20 per year.

Clinical consultations are also treated as opportunities for health promotion to maximise the health benefits for clients, so clinical staff are trained in health promotion theory and practice.

FPNSW delivers evidence-based medicine, and clinical services are collocated with a research facility at the Ashfield site. The services delivered are based on “need” determined by thorough examination of the relevant research literature. The FPNSW Research unit also designs research to meet gaps in the evidence base, and service delivery changes in line with new evidence.

Delivering high quality services

FPNSW is committed to the provision of high-quality services that meet or exceed professional benchmarks. Accordingly the organisation welcomes transparent accountability systems such as relevant accreditation processes and has been working towards developing a quality framework that has best practice as its hallmark.

Currently there is not a comprehensive accreditation framework that is applicable across the diverse and complex activities of the organisation, so different units of organisation utilise different systems.

For the provision of sexual and reproductive health training to doctors and nurses FPNSW is a registered training organisation accredited by the Australian Quality Training Framework (2007).

The clinical services provided by FPNSW have been reviewed by Quality in Practice/ Australian General Practice Accreditation Limited (QIP/AGPAL) using standards from the Royal Australian College of GPs, and their report is eagerly anticipated.

Clinicians at FPNSW receive training in communication with people from high-needs groups including: people with disabilities, youth; Aboriginal people; people from culturally and linguistically diverse backgrounds, and same-sex attracted people.

Clinical updates and professional development activities are provided for clinical staff within FPNSW, and clinical training provided to doctors and nurses external to FPNSW is rigorously evaluated.

Managing health services well

To attract skilled staff in an environment where remuneration is below market rate it is essential that the NFP is recognised as the expert or leader in its area. This requires a record of achievement usually linked to a strong strategic focus.

NFP organisations, like other successful businesses, require a Strategic Plan that identifies the organisation's priorities for the next 3- 5 years. As NFP employees are committed to the goals of the organisation it is essential that these are well delineated to enable employee buy-in.

The linking of the Strategic Plan to annual Business Plans and Budgets is essential to ensure that both short term and longer term goals are met.

Strong leadership is essential to achieving the organisation's goals.

A structured approach to quality control is also essential. This should span such aspects as service delivery, employment relations, risk management and financial management.

As employees are often motivated by the contribution the organisation makes to the community it is important that the organisation is able to provide measurable, evidence based data verifying its effectiveness.

FPNSW operates within a service planning framework and its goals and priorities are determined by its Board. Business processes of the organisation are periodically reviewed to improve efficiency and develop infrastructure.

- The management team is trained in organisational competencies;
- Human relations infrastructure has been developed to meet FPNSW's strategic goals and objectives;
- Overheads are periodically reviewed and strategies to reduce these are identified where possible, so as to avoid wastage of resources
- Staff attend mandatory updates as required to meet legislative and organisational requirements
- National and international liaison occurs between FPNSW and Sexual Health and Family Planning Australia, in consultation with the SH&FPA Board and CEOs of member organisations

Comments are invited on how well previous Australian studies have captured the contributions of the sector, particularly whether there are significant gaps in coverage or methodological measurement issues.

There is a major gap in data collection in relation to sexual and reproductive health in Australia, the services for which are often provided by NFPs. The AIHW Annual Report on the health of the Australian Population does not include relevant specific items addressing key sexual and reproductive health issues. Without this data, including information in relation to the incidence and prevalence of a range of sexual and reproductive health issues, it is impossible to carry out effective service planning and report on effectiveness.

Participants are invited to comment on appropriate methodologies for evaluating the contribution of the not for profit sector. The Commission is particularly interested in receiving feedback on the appropriateness of using a range of indicators for this purpose.

As previously stated, there is a paucity of freely available and robust data about sexual and reproductive health, areas of which service delivery have been traditionally outsourced to the NFP sector by government.

Comments are invited on the extent to which existing measures of the sector's contribution have been utilised to inform policy development and monitor policy effectiveness, in Australia and in other countries. What modifications could be made to improve existing measures?

Again, the lack of data has meant there has been inadequate impact of the work of some NFP's on government policy.

2. WAYS OF ENHANCING THE EFFICIENCY AND EFFECTIVENESS OF THE SECTOR

Identify unnecessary impediments to the efficient and effective operation of not for profit organisations and measures to enhance their operation

Barriers to efficiency and effectiveness

Family Planning NSW and other health industry NFP organisations purchase medical indemnity insurance for employed medical officers. This is often at a significant cost – reducing funds that can be channelled into direct service delivery. In contrast government agencies do not incur this cost.

- It would be advantageous for the government to cover employed medical officers of NFP organisations in the same manner as government employed medical officers. Cover could be linked to the requirement that an organisation meet certain quality criteria (eg accreditation). There would be minimal risk or cost to the government and service delivery by the NFP would be increased by the reduction of a significant overhead cost.
- NFP organisations are required to purchase volunteers insurance. Similar to the above, this adds to on-costs and reduces service delivery. Given the number of government funded NFPs that are currently incurring this expense it would be more effective use of government funds to self insure NFP volunteers or negotiate a sector-wide cover resulting in considerable savings to organisations due to premium savings from economies of scale.

Consider ways in which the delivery and outcomes from government funded services by not for profit organisations could be improved

Incentives on NFP organisations to operate efficiently and effectively and to be innovative

Community attitudes and views of donors are effective as incentives on NFP organisations to operate efficiently & effectively. Another incentive is that employees are committed to maximising community benefit and this is as an incentive to offer an efficient service.

Funding agreements with government bodies identify required outcomes but often hinder innovation. This could be improved by greater communication between NFPs and government agencies when setting performance indicators to ensure the correct outcomes are being measured. For example, a government funded agreement could measure the number of doctors trained. This gives no indication of the resulting increase in service delivery to the community. Similarly, an indicator could be number of clients seen, without identifying if client is from a less advantaged group (eg disabled).

Threats to efficiency

The emphasis on efficiency implicit in a productivity review raises the spectre of ‘number crunching’ – a simplistic focus on through-put at the expense of quality health care. As a specialist organisation targeting disadvantaged populations, clinical consultations at FPNSW are longer than is standard in other medical practices.

FPNSW provides a holistic culture of care that emphasises thorough sexual history-taking and clinical counselling as appropriate rather than emphasising speedy diagnosis, prescription and through-put. Longer consultations are upheld by FPNSW as central to client-centred practice that draws on a rights-based approach to sexual health. The thoroughness of this approach has its own efficiencies, such as encouraging disclosure of salient facts that are sensitive, and if undisclosed may have adversely impacted on the client's health.

Emphasis on through-put at the expense of quality care is a potential rather than an actual barrier to effectiveness. A barrier to efficiency and effectiveness in operation is the current policy environment that separates "women's health" and "men's health" and the lack of a comprehensive strategic framework for sexual and reproductive health. This is an impediment to the functioning of non-profit organisations working in the sexual and reproductive health field.

Excellence in the delivery of clinical services needs to be underpinned by research that is strategic and relevant to the needs of the populations seeking treatment, and should include disadvantaged populations. Research in sexual and reproductive health in the current policy environment is severely limited by the lack of overarching strategy. Although a lot of research is taking place, it tends to be driven by the pharmaceutical industry and focused on clinical trials of new products or new delivery mechanisms. The problem with clinical trials is that they tend to select idealised, very healthy, trial populations and actively exclude marginalised people and people with health problems who nevertheless require contraception.

The lack of a funded, national strategic plan means that there is a lack of representative population-based research that can provide important 'real life' information about matters such as contraceptive choices and the factors that influence acceptability or trigger dissatisfaction. Longitudinal studies and social research that can deliver critical information to clinicians languishes without a comprehensive national framework that can prioritise the 'interactive human element' in sexual and reproductive health.

Improvements to delivery and outcomes

Accreditation and evaluation are an integral aspect of FPNSW's core business in order to ensure that services are of consistently high quality and that the standard of service delivery is accountable and transparent.

The complexity of the organisation presents a challenge to quality assurance frameworks, however. The organisation operates as an interconnecting web, with information provision feeding both into health promotion client services, clinical services, all underpinned by the research unit and reaching outwards to the training of external doctors, nurses and other professional and non-professional staff. Current accreditation systems require that this interconnecting web is sectioned into silos for evaluation purposes and fail to capture the synergies of how the organisation functions as a whole. Development of accreditation systems that have the capacity to look at the whole would be a valuable development for complex organisations that offer a range of services including but not limited to clinics.

Examine the impact of the taxation system on the ability of not for profit organisations to raise funds and the extent to which the tax treatment of the sector affects competitive neutrality.

Attracting and retaining employees:

NFP organisations that exist to benefit the community cannot offer the same level of remuneration to employees as governments or business.

Community focused NFP organisations often attract employees prepared to earn less than their market wage. These employees are equally as skilled as those employed in similar roles in either public or private organisations. They are prepared to accept a lower wage because they are committed to the goals of the organisation and value the contribution they are making to the community. This enables NFP organisations to be more cost effective service providers than governments or business.

Public benevolent institutions (NFP organisations which provide services for the direct relief of poverty, sickness, suffering, distress, misfortune, disability or helplessness) and Health Promotion Charities (NFP organisations that promote the prevention or control of diseases in human beings) have been granted significant tax concessions including fringe benefit tax exemption.

These tax concessions are essential as a means of helping bridge the salary gap. If the concessions were removed these organisations could not compete on the open-labour market and the delivery of these essential services would be threatened.

Donations

Donations are important not just as a financial ballast that enables funding of scholarships and similar programs that fit within the ideological parameters of the organisation, they enable a very concrete form of community buy-in. Donors donate because they support not just what the organisation does, but what it stands for – the promotion of reproductive choice and the support of sexual and reproductive health rights of all.

Comments are invited on how the environment within which not for profit organisations operate might be changed to enhance the advocacy role of not for profit organisations.

NFPs carry out advocacy. The extent of their advocacy is limited by their capacity to support advocacy activities. Core funding to support this by Government would increase the effectiveness of the NFPs in promoting community issues and concerns.

Capacity to innovate and use resources to best effect

Comments are invited on 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.

Data availability and lack of funding for research and evaluation activities within core funding provided by the Government for NFPs.

Similarly, the Commission invites comment on what factors facilitate the spread of such knowledge and how these might be enhanced.

Having the financial capability to employ staff with skills in policy, research and evaluation, including the capacity to design research studies suitable for publication in peer-reviewed journals.

Examine recent changes in the relationships between government, business and community organisations and whether there is scope to enhance these relationships so as to improve outcomes delivered by the not for profit sector

3. SERVICE DELIVERY

Trends in government funding and service delivery

Comments are also invited on experiences in relation to the relative treatment of for-profit and not-for-profit providers in competing for government contracts. Do arrangements at the Commonwealth and State/Territory levels provide competitive neutrality? If not, what features result in unequal treatment and how could this be addressed?

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

The Government does not always use a tender process to expand its services. Through the NSW Area Health Service structure, the NSW Government allocates funds to AHSs who then create and staff those services. This is often in direct competition to the NFP sector and its existing services, which are sometimes identical. This occurs notwithstanding the additional cost to the community of service delivery through the public sector and the unnecessary duplication of services.

Arrangements for government funded service delivery

Comments are invited on the efficiency and effectiveness of arrangements associated with the provision of government funded services. Specifically, the Commission seeks comments on:

- **opportunities for improving funding and contractual arrangements to promote better outcomes**
 - **the effectiveness of existing accountability and reporting requirements, including options for improvement**
 - **how changes in service delivery requirements have affected the effectiveness of not for profit organisations and what changes to those requirements might be warranted to enhance their effectiveness**
 - **the effectiveness of arrangements for trialling or piloting new approaches to service delivery**
 - **the effectiveness of program and service delivery evaluation arrangements**
 - **the extent to which governance and reporting requirements associated with funding and contracted arrangements have replaced ‘black letter’ regulation.**
- Comments on the extent to which arrangements are necessary to enhance transparency and accountability would also be appreciated.**

The opportunity for efficiency and effectiveness in the NFP sector funded by government is the same as for services provided through the public sector, whether this is for a pilot program or a recurrent activity. Contractual discussions should be in relation to relevant outcomes and impacts and there should be agreement about the indicators used for this measurement. If systems are not in place in the NFP sector for data collection, this needs to be addressed, including funding issues. However, this is no different from the same situation that occurs in the public sector, with its limited data collection, evaluation and reporting capabilities.

4. TRENDS AND DEVELOPMENTS IMPACTING ON THE SECTOR

Changing context of relationships between government, business and community organisations

The Government Response into Inquiry into Charitable Organisations in Australia (Attachment C) Rec #3, 6+7 recommend government purchasing services via tender processes. While instigating a tendering process for the delivery of services creates an impression of improved rationality such a policy may have very negative outcomes for a NFP.

A tender process assumes that services are essentially the same regardless of by whom they are delivered. FPNSW disputes this for reasons already outlined in this paper. A non-government organisation speaks with a different voice to that of government, and this affects the way that services are perceived by the community and the way that services can be delivered. FPNSW has a proud history of advocacy for women's empowerment as well as service delivery regarding sexual and reproductive health. Credible, responsible advocacy builds on this history and is also rooted in the breadth of skills, knowledge and expertise available within the organisation. FPNSW aims to work across a continuum from people who are highly literate and just need information to people with very complex needs. Tendering processes segment organisations, whereas the FPNSW thrives on integration and interconnection.

FPNSW welcomes and maintains multiple partnerships with government or other non-government organisations where applicable, particularly in relation to providing services to people who are highly disadvantaged with problems that require multifaceted responses. While such partnerships represent an expanded model of interaction between the non-profit and government sectors, they must not erode or displace other sources of economic support, such as philanthropic donations and tax incentives.

Appendix 1: Family Planning NSW

Role of organisation

Family Planning NSW (FPNSW) is a Not For Profit (NFP) non-government organisation (NGO) that promotes the reproductive and sexual health of the people of NSW by contributing to, collecting and disseminating reproductive and sexual health knowledge, information and learning. FPNSW is committed to excellence and focuses its activities on disadvantaged groups and in areas where access to mainstream services are restricted, including people who are young, aged, Aboriginal, disabled and from culturally and linguistically diverse groups and people in regional, rural and remote NSW.

Context of organisation

FPNSW is the leader in reproductive and sexual health provision for the people of NSW, including women and men and their families through prevention, screening, diagnosis, treatment, education, information and research.

FPNSW is the peak training body for clinical procedures in reproductive and sexual health and is sourced as the authority in the development and implementation of reproductive and sexual health practice in NSW. Clinical procedures are reviewed and updated regularly to ensure best practice in reproductive and sexual health.

FPNSW is accredited by the NSW Vocational Education and Training Accreditation Board (VETAB) as a Registered Training Organisation and conducts an annual self-assessment to ensure ongoing compliance with the relevant National Standards in maintaining this registration. These Standards relate to governance, quality training systems, and appropriately skilled educators.

FPNSW has developed in-house clinical risk management programs including quality assurance policies, procedures and incident monitoring, which are implemented in FPNSW clinics across the State. Annual clinical audits against the Family Planning NSW Clinical Quality Standards Program are carried out and documented to guarantee high quality clinical service.

The FPNSW Business Units include the following State and local level operations:

- State Office, Ashfield
- State Clinical Training Centre, Ashfield
- The Sydney Centre for Reproductive Health Research, Research Division, Ashfield
- State Health Promotion, Ashfield
- Healthrites, Ashfield
- Healthline, Ashfield
- FPNSW web-based information service www.fpnsw.org.au
- FPNSW Library, Ashfield
- The Warehouse Youth Health Centre, Penrith
- Hunter Regional Centre, Newcastle
- Dubbo Rural Centre
- Fairfield Multicultural Service
- Illawarra Disability Resource Centre, Wollongong

Model of health that guides Family Planning NSW work

Family planning NSW works within a social view of health and as such incorporates a gendered approach to health. FPNSW acknowledges the inequity that many people, especially women and girls, experience in access to reproductive and sexual health services. We are committed to addressing reproductive and sexual health across the lifespan and not just during the reproductive years. Reproductive and sexual health necessarily encompasses the needs of men and boys and their individual needs in the context of family and community. While acknowledging the context of women's health with ethnic, religious, cultural and societal norms and expectations, FPNSW applies a Rights based approach to health service delivery and care as described in World Health Organisation Guidelines.

Vision statement of organisation

Family Planning NSW is committed to the achievement of excellence in meeting its six key objectives:

- Improve the knowledge and skills of service providers including doctors, nurses, teachers and other professionals in the delivery of reproductive and sexual health services
- Improve the reproductive and sexual health of the people of NSW through providing demonstration clinical services as a basis for the training of health professionals
- Contribute to, manage and disseminate knowledge in reproductive and sexual health through original research and publications
- To work with other organisations who can impact on the reproductive and sexual health of NSW residents through developing partnerships
- Improve the reproductive and sexual health outcomes of the people of NSW through health promotion activities
- Improve the reproductive and sexual health outcomes of people in regional, rural and remote NSW and of people in disadvantaged groups

The vision of Family Planning NSW is to be a leader in reproductive and sexual health. The organisation has a reputation for excellence in the provision of reproductive and sexual health services that are beneficial both to Government and to the community, and it maintains the flexibility required to provide appropriate services where they are needed. As a non-Government Organisation, FPNSW is not driven by current political demands and thus can act as a genuine advocate for the needs of the community in the area of sexual and reproductive health.