

The Benevolent Society

Submission to the Productivity Commission on the Contribution of the Not for Profit Sector

May 2009

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CONTENTS

- 1. INTRODUCTION 1
- 1.1. About The Benevolent Society 1
- 2. MEASURING THE CONTRIBUTION OF THE SECTOR 2
- 2.1. Conceptual framework..... 2
- 3. ENHANCING THE EFFICIENCY AND EFFECTIVENESS OF THE NOT FOR PROFIT SECTOR..... 3
- 3.1. Human resources 3
- 3.2. Financial resources 7
- 3.3. Innovation 7
- 3.4. Regulatory environment 13
- 4. SERVICE DELIVERY 19
- 4.1. Funding and contractual arrangements..... 19
- 4.2. Accountability and reporting 23
- 4.3. Evaluation..... 24
- 5. TRENDS AND DEVELOPMENTS 25
- 6. SUMMARY 25

1. Introduction

This submission details The Benevolent Society's response to the Productivity Commission's Issues Paper on the Contribution of the Not for Profit (NFP) sector.

The Issues Paper raises many important matters. Our submission firstly outlines the role of The Benevolent Society and the experience we bring to the issues raised.

The submission then focuses on the relationship between governments and NFP organisations such as ourselves that, among other roles, provide government funded services. Our submission broadly follows the structure of the Issues Paper in addressing:

Section 2 Measuring the contribution of the sector (briefly)

Section 3 Enhancing the efficiency and effectiveness of the sector

Section 4 Service delivery

Section 5 Trends and developments.

Wherever possible, both positive and challenging aspects of the relationship between governments and NFP organisations are illustrated with **case studies**. We particularly explore issues which are currently shaping the government/ NFP relationship such as the **lead provider model** (page 13) and **tendering processes** (page 19), as well as issues which are likely to shape the relationship in the future such as **client-directed services** (page 21).

The Society welcomes the Commonwealth Government's renewed engagement with the NFP sector. This Productivity Commission Study and the development of a National Compact are both positive steps towards forging a new partnership between government and the NFP sector.

Promoting social inclusion in Australia requires strong and respectful collaboration between and within the public and NFP sectors. Equally as important are the relationships these sectors have with business, academic institutions and, above all, with communities.

Put simply, this submission calls for partnership. True partnership springs from recognising the strengths and contribution of the other party. NFP organisations have expertise in key areas which concern governments. Working together, policies and programs are more likely to be effective, responsive and result in positive outcomes for individuals and communities.

1.1. About The Benevolent Society

The Benevolent Society (TBS) is Australia's first charity. We are a secular, not for profit organisation working to bring about positive social change in response to community needs. Since 1813, we have identified major social challenges and worked to meet them head on. We support people from all backgrounds including Indigenous Australians and people from culturally and linguistically diverse communities.

The Benevolent Society is an organisation which falls squarely within the Productivity Commission's primary focus for this study. We are a not for profit organisation engaged in the delivery of government funded services in New South Wales and Queensland.

The Society's purpose is to create caring and inclusive communities and a just society. We deliver leading edge programs and services, find innovative solutions to complex social issues and call for a more just society. Our strength lies in our expertise across the lifespan, delivering services for children and families, older people and in women's health, community based and respite care, community development and social leadership programs. We believe that building stronger communities will help to reduce social and economic disadvantage.

Snapshot of The Benevolent Society

- The Society is a company limited by guarantee with an independent Board.
- More than 800 staff and 900 volunteers support more than 16,000 children and adults each year in New South Wales and in Queensland.
- We deliver 82 programs from 42 locations with support from local, state and federal government departments, businesses, community partners, trusts and foundations.
- Our revenue in 2008 was \$55 million. Approximately 91% is spent directly on our services. A further 4% is spent on our leadership, social initiatives and research.
- In 2008 71% of our income came from government sources. Fundraising, trust and foundation grants provided another 5%, client fees generated 14% and our investment portfolio contributed a further 10% of our income.

The Society has funding contracts with many different government agencies – federal, state and local. Commonwealth agencies: Centrelink, Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA), Department of Health and Ageing (DoHA) and Family Assistance Office (FAO). NSW agencies: Department of Premier and Cabinet, Department of Ageing, Disability and Home Care (DADHC), Department of Education and Training (DET), Department of Community Services (DoCS), Department of Community Services Area Assistance Scheme (DoCSAAS), North Sydney Central Coast Health Service (NSCCAHS), South Eastern Sydney and Illawarra Area Health Service (SESAHS), Sydney South West Area Health Service (SSWAHS), and Department of Employment and Workplace Relations (DEWR). In Queensland we receive funding from the Department of Communities.

2. Measuring the contribution of the sector

2.1. Conceptual framework

The Benevolent Society welcomes the development of a common conceptual framework for measuring the contribution of the NFP sector. Such a framework could act as a shared tool

for NFP organisations and governments in conceptualising, planning, funding and evaluating effective and efficient service delivery.

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

3.1. Human resources

Workforce issues in the NFP sector have been thoroughly canvassed elsewhere. This submission will therefore highlight some select issues which particularly impact on The Benevolent Society.

Availability and skills of staff

The Benevolent Society currently delivers services across New South Wales and Queensland, in urban, metropolitan fringe, regional, rural and remote areas. While there is a recognised shortage of qualified staff in the NFP human services sector generally, this issue is magnified when seeking to recruit staff in regional, rural and remote areas. TBS has particularly grappled with the issue since gaining funding to run Brighter Futures in regional NSW, an issue which will recur when recruitment for regional Out of Home Care services commences.

Another challenge is recruiting qualified staff. One key to this is focussing on building the capacity of local community members. For instance, supporting local people to study for the appropriate qualifications to provide childcare in a small community can be more sustainable long-term than a model whereby staff from a larger regional town provide mobile or outreach services once a month.

Case Study 1: Successful recruitment strategies in an area of workforce and skills shortages

In 2008 The Benevolent Society (TBS) was successful in its tender to deliver Out of Home Care services (OOHC) for the NSW Department of Community Services (DoCS) in parts of New South Wales. A year long period of contract negotiations with DoCS has followed which, while much longer than we anticipated, has enabled us to develop new recruitment processes to attract staff in an area of workforce and skills shortages.

TBS' Human Resources Team examined data from employee services, exit interviews, and a recent organisational workforce survey to ascertain the features that staff appreciate about being an employee of The Benevolent Society. These features were then promoted in all job advertisements.

The Human Resources Team used the careers page on TBS's website to flag upcoming careers in OOHC and over six months, 170 people pre-registered their interest. Staff from TBS' OOHC Implementation Team also went to universities to speak to final year social work students.

The Benevolent Society partnered with the Create Foundation and asked children and young people from their advisory council to frame interview questions for prospective case managers.

In this process, all but one of the available positions in the metropolitan area were filled. TBS anticipates utilising similar strategies for recruitment of OOHHC staff in rural and regional areas, with additional focus on using networks, building relationships with universities, using local media, and partnering (rather than competing) with other service providers for staff.

Another issue for NFP organisations is building the capacity of their own staff. The 2008 Alchemy Project Feasibility Report¹ explored leadership development issues, needs, challenges and strengths (including opportunities) within the NFP sector. The study identified that many NFPs felt trapped in 'survival mode' due to short-term funding and funding structures which only provide for funding of direct service provision and preclude the allocation of funds for capacity building. In rural areas, the time and cost of lengthy travel is a significant additional barrier to professional development.

The Benevolent Society is in the process of addressing these challenges by developing sophisticated and creative learning and development pathways. The benefits of developing the professional capacity and leadership skills of our staff are significant, improving the quality of our services, and developing the capacity of the NFP workforce more generally.

Case Study 2: Developing capacity and leadership on the ground

The Benevolent Society sees the development of leadership within the NFP sector as central to the sector's future. We invest in our flagship leadership programs through Social Leadership Australia to develop leadership in the sector, as well as developing the capacity of leaders in government and business to lead change in social issues.

Our community based service managers play an important role in engaging with and supporting local and regional leaders. This is a role which government agencies are often reticent or unable to take on.

The Benevolent Society also invests internally in leadership development. Senior leadership and career development is central to our strategic plan and we have recently appointed a Senior Manager for Leadership Development. 'Leadership in Action' days help build the capacity and connections between TBS's leadership team. We are also beginning a process of defining the capabilities and expectations of managers at all levels, identifying tools to assess these and produce a development plan.

Workforce planning is an issue for the whole NFP sector. The Benevolent Society is developing its own workforce planning strategy. However cross-sector initiatives would be the most productive. For instance, we are a member of the long-standing NFP Human Resources Forum in NSW which is facilitated by the Spastic Centre. These sorts of fora, particularly when supported by funding, can play an instrumental role in addressing shared challenges.

Recommendation: Capacity building of the NFP workforce should be factored in to program funding.

Recommendation: Develop TAFE courses on NFP management.

Recommendation: Contribute resources to support the NFP sector in workforce planning.

NFP sector pay and conditions

The disparity in pay and conditions between the NFP sector, government and business is a growing issue, especially as these sectors are increasingly competitive players in the delivery of human services. *Keep Them Safe*, the NSW Government's response to the recommendations made by Justice Wood in his 2008 report of the Special Commission of Inquiry into Child Protection Services, recommends that NFP organisations and government departments operating in more remote locations should join forces for recruitment. While the idea has merit, it is unclear how this would operate in practice given the different pay and working conditions.

The Queensland Services Union submission to the 2008 Queensland Industrial Relations Commission highlighted the significant disparities between Social and Community Services award wages and the public sector equivalents. These disparities became increasingly marked as the seniority of position increased. For instance, a worker receiving a Level 8 salary in the public sector earned over 57% more than their community service counterpart². This pay disparity underpins the NFP sector's lesser capacity to offer competitive remuneration to more senior staff. As well as the pay disparity, the lack of portable leave and other entitlements across the NFP sector, in contrast to government jobs, is a disincentive for qualified and senior staff to work in the sector.

A first step would be to reduce the pay disparity between government and NFP sector jobs as the Queensland Industry Relations Commission has ruled recently in that state³. The development of some formal mechanism whereby the NFP sector's highly mobile workforce could retain its entitlements would be a positive move to build the capacity and professionalism of the NFP sector. Portable entitlements across the NFP and public sectors would also be a positive step.

Recommendation: Address pay parity between the NFP sector and government.

Recommendation: Develop a mechanism in partnership with NFP sector whereby entitlements are portable across and within the NFP and public sectors.

There is a growing body of regulatory requirements for NFP organisations which change

¹FAR Social Enterprise, *Alchemy project feasibility report*, 2008

http://www.ourcommunity.com.au/files/alchemy_project_feasibility_report.pdf

²Australian Services Union and Queensland Services Union

www.asuqld.asn.au/index.php?option=com_docman&task=doc_download&gid=44 -

³http://www.asu.asn.au/media/sacs/20090507_payequity.html

regularly. The development of a national framework for occupational health and safety and awards is welcome.

Recommendation: Provide low cost or no cost training when regulations change, outlining obligations and suggestions for how best to monitor compliance.

Volunteer workers

Some 900 people contribute to the Society's work in a volunteer capacity, and their contribution is invaluable. However, it needs to be recognised that volunteers require as much management attention as paid staff.

Attracting volunteers is not necessarily difficult. However, identifying skills and appropriate tasks, training, orienting, supporting and retaining volunteers requires a dedicated 'volunteer coordinator'.

The Benevolent Society's recent research collaboration with Australian Catholic University, St Vincent de Paul Society and the NSW Rural Fire Service⁴ revealed the importance of the following principles and focus areas for enhancing volunteer capacity.

Ascertain the volunteer perspective and take it seriously. This requires focussing upon:

- An evidence-based approach to volunteer perspectives;
- Volunteer advocacy; and
- Volunteer involvement in decision-making.

Adopt a multidimensional view of volunteer capacity and effectiveness. This requires focussing upon:

- Self-efficacy;
- Collective efficacy; and
- Preferred form and extent of involvement.

Employ task accessibility, support and training to enhance capacity. This requires focussing upon:

- A learning culture within the organisation, teams and programs;
- Development of volunteers' skills and interests; and
- Volunteer support at all levels.

Establish pathways which maximise access to volunteering opportunities. This requires focussing upon:

- Why and how the organisation is involving volunteers;
- Volunteer experience as a pathway; and
- A person's suitability for particular tasks or roles.

⁴ V21: *Enhancing volunteering for the 21st century* <http://www.bensoc.org.au/uploads/documents/V21-enhancing-volunteering-for-the-21st-century1.pdf>

3.2. Financial resources

Impediments to charitable giving remain. It is positive that the Government is reviewing the tax status of prescribed private funds. The national coordination of charity legislation would also be a positive step.

Recommendation: Increase tax incentives for donating to charities. Such incentives could operate similarly to the former Film Investment Deduction, or the existing tax deduction for research and development.

3.3. Innovation

Spread of knowledge

The sharing of practice wisdom, evidence based practice and policy, and research agendas shaped by practical knowledge are clearly desirable goals. However, translating and sharing knowledge within the NFP sector, and between the NFP, government and academic sectors is challenging. Competition between NFP organisations for government contracts can impede cooperation between organisations, especially in regards to the sharing of data, frameworks, and research and evaluation findings. The translation of knowledge across sectors can be impeded by differing cultures, timing requirements and priorities.

People and networks

An increase in staff secondments between government and the NFP sector would build the capacity of both sectors, especially in terms of working cooperatively across sector lines and increasing understanding of each other.

Secondments where policy makers, practitioners and academics are embedded in other organisations are powerful ways to create understanding, integration and more insightful leadership. Secondments and direct swaps have been known to take place between senior bureaucrats and academics. The Brotherhood of St Laurence is an example of a service provider which has several academics working jointly at the university and the agency over the long term.

Co-locating staff from different agencies may also bring benefits such as more integrated services⁵. However our experience is that this needs to be carefully designed and that co-location alone does not produce integration as communication problems can persist⁶. Teams must be actively encouraged to work more closely. We have found that project based work is one way of facilitating this.

Moreover, sometimes community members find that co-location does not work for them. For example, locating child protection services in schools can be highly stigmatising for parents required to visit the onsite 'welfare'.

⁵ Department for Education and Skills (2003) *Every Child Matters*. London HMSO

⁶ Anning A Cottrell D Frost N Green J Robinson M (2006) *Developing Multiprofessional Teamwork for Integrated Children's Services*. Open University Press.

Opportunities for staff to gather regularly to engage in reflective practice, and learn from each other and from research are also valuable. The Benevolent Society has facilitated formal and informal networks of this kind including Strengths Based Practice⁷ and Networks of Practice.

Case Study 3: Central Coast Networks of Practice

The Benevolent Society's Network of Practice project operates on the Central Coast of NSW and is funded by the NSW Department of Community Services (DoCS).

Central Coast Networks of Practice are networks of child and family workers who come together to share strategies, learnings, ideas and approaches with the aim of improving service provision for families with young children. The Networks of Practice project promotes the development of coordinated, evidence based, accessible and relevant family focussed services through developing and sharing new knowledge and capabilities, fostering innovation and building trust and working relationships.

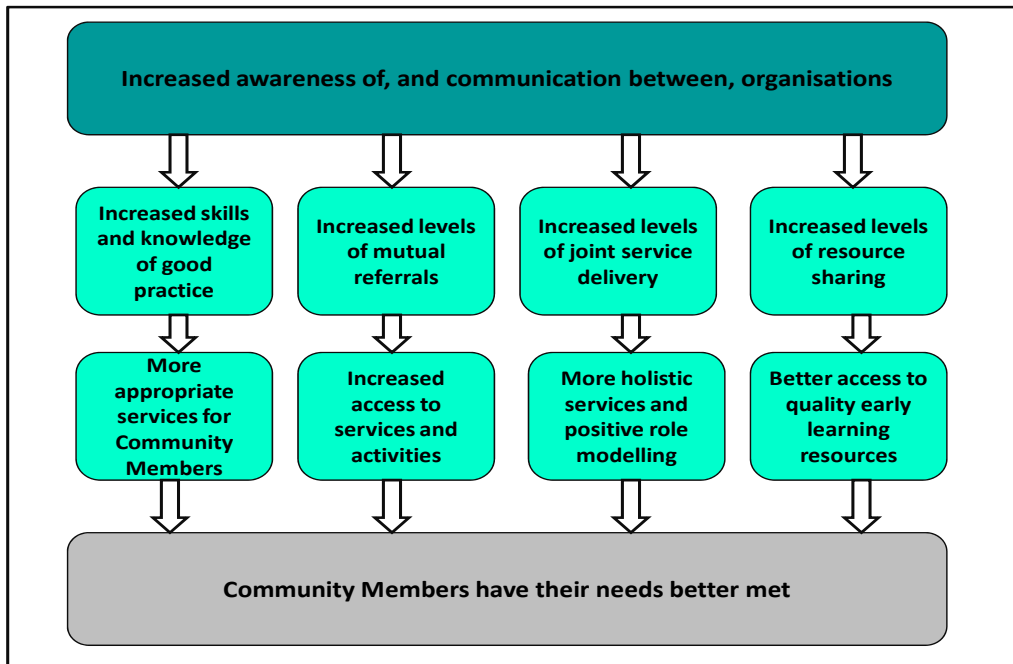
Through the Networks of Practice project, workers are supported by forums and discussion groups which provide a chance to meet other workers, share information and discuss practice issues; learning and development opportunities which focus on specific skills and approaches to working more effectively; a magazine, a journal, and individual or program support.

Such networks clearly require facilitation, resources and time in order to be effective. However they have proven to be a successful mechanism for spreading knowledge across the NFP sector, developing the capacity of the sector to deliver quality services as well as enhancing connected-up service provision.

The Central Coast Networks of Practice project is an example of a smart way of building capacity among small agencies and services within a geographical area.

The benefits of funding networks of practice or service delivery models which support collaboration between NFPs, are illustrated in the following diagram.

⁷The evaluation of Strengths Based Practice will soon be available at <http://www.bensoc.org.au/director/resources.cfm>



Source: The Benevolent Society Communities for Children Local Evaluation 2009

Translating research evidence into practice

The translation of research and evidence into practice is a key aspect of spreading knowledge across the NFP sector in a useful way that improves the quality and effectiveness of service delivery and ultimately the quality of life of clients and communities.

Australia has developed some excellent knowledge dissemination mechanisms such as clearing houses (for example, the Australian Institute of Family Studies has four; the Domestic and Family Violence Clearing House is another). As trusted sources of evidence, this creates a firm base to build from. However, we lag behind many other western nations in taking the next steps, that is, to establish the necessary processes and structures that allow people to fully engage with and incorporate this knowledge in their work. This is of course particularly challenging in a country the size of Australia.

We estimate that our early childhood workers have about five minutes a day available as reading time. It is therefore unlikely that they will be able to engage with written material unless we find the right systems and new ways to resource the mediation of it.

As the following case studies show, translating best practice and learnings from research into everyday practice is challenging, time consuming and resource-intensive, but is it an area where NPFs can play a leadership role. Typically, it requires sustained and clear commitment by management, a specific allocation of resources, integration into business plans, internal 'champions', developing partnership with other organisations and taking advantages of opportunities for study tours and fellowships.

Case Study 4: Research to practice in community aged care

In 2007 TBS and the Social Policy Research Centre (SPRC) at UNSW, convened a workshop to discuss ways of enhancing the implementation of best practice in community

aged care services. From this workshop a partnership developed. With the assistance of an advisory committee with members from service providers, government departments and academic institutions, TBS and the SPRC have jointly produced the first two of a series of brief, plain-English reviews of Australian and international research into priority issues in community aged care. The reviews summarise the key findings and practice implications for community aged care workers.

The first two papers⁸ have been widely disseminated to community-based aged care service providers, peak bodies and government departments across Australia. They have been well received by care workers and coordinators. Further papers are planned in 2009.

Case Study 5: Implementing evidence-based parenting programs within TBS

In 2003 TBS's management team initiated a process to implement evidence-informed practice across our child and family services.

Initially, we approached the Parenting Research Centre from Victoria to run workshops for our staff on evidence-based parenting skills programs. This Centre was chosen, in part, because of its close links with practitioners as they spoke the same clinical language as our practitioners.

Another key ingredient was the opportunity for a TBS senior manager to study parenting programs overseas through a Churchill Fellowship⁹. The manager subsequently became a strong internal champion for the implementation process and has taken advantage of links developed with international experts to seek advice and consider the application of parenting programs in rural and remote Australia including with Indigenous families.

The next step was the systematic implementation of a particular parenting program which has strong evidence supporting its effectiveness (the *Incredible Years* program) among our services. This included incorporation into business plans, recruitment of managers with knowledge brokering skills and paying attention to performance appraisal systems. We are also developing practice guidelines and making explicit the roles of managers in implementing evidence-informed practice.

This experience has helped us better understand our role in knowledge brokering and in the implementation of practice change. It has confirmed the need for designated internal staff to carry a project forward, as well the advantages of developing strong links with the international research and practice community. We have learnt that we need to engage tenaciously with new knowledge if it is to get a foothold and become part of everyday practice.

⁸Research to Practice Briefing 1: Caring for older Australians

<http://www.bensoc.org.au/uploads/documents/research-to-practice-briefing-1-caring-for-older-australians-nov2008.pdf>

Research to Practice Briefing 2: Promoting Social Networks for older people in community aged care

<http://www.bensoc.org.au/uploads/documents/research-to-practice-briefing2-OLDER%20PEOPLES%20SOCIAL%20NETWORKS-feb2009.pdf>

NFP organisations and research

NFP organisations can play an important role in generating research questions and identifying research gaps, and thus can play a valuable role in formulating the national research agenda. Many NFP organisations have considerable access to knowledge which governments could engage with more actively.

However, there are significant barriers to NFP organisations engaging in research. The differing timescales needed for research continue to hamper evidence-informed policy/practice. The need for rapid answers to practice and policy questions is often out of step with the nature and time frames of research grant funding and academic institutions, meaning that it is often hard for them to be responsive to this environment (for example Australian Research Council linkage grant funding processes are slow). Research and evaluation consultants can sometimes be brought in to fill this gap and we need to find ways to ensure these private providers contribute to knowledge integration.

Another constraint is the lack of recognition that academic institutions give for the kind of policy and practice publications (i.e. in plain English and brief) and activities that are useful to the field. Conversely we understand that academics face significant constraints to being involved in many of the sorts of projects that we would find useful. Academics find their important work with practitioners goes unrecognised unless it can be made into a journal article.

Recommendation: In consultation with the NFP sector, governments should put systems in place which encourage secondments between government departments and NFPs.

Recommendation: Governments should support knowledge dissemination and evidence-based practice in the NFP sector by funding more initiatives like Networks of Practice.

Recommendation: Governments should promote the spread of knowledge between sectors in order to ensure that research, practice and policy are informed by each other rather than existing in 'silos'. Funding for research networks like the Australian Research Alliance for Children and Youth and the Ageing Well Network which successfully promote collaboration between sectors and knowledge brokering between research, policy and practice is essential.

Incentives for innovation

Innovation requires access to resources above those required for day to day service provision. It requires having a reliable income stream over a long period and the ability to build up some reserves from surpluses generated by government contracts, that can then be used for this purpose.

TBS uses its reserves to fund innovation, research, evaluation and advocacy on effective social policy – all activities which are central to progressing the social agenda and

⁹Greg Antcliff, *The Early Years: Investigating programs in North America and Europe*

highlighting new areas of need and opportunity. The case study below gives an example of a major social innovation that TBS has invested in and one which it is unlikely would be undertaken by a commercial business or by government.

Case Study 6: A new model of aged care

The Benevolent Society is currently developing a new way of living in later life to give older people an alternative to traditional forms of retirement accommodation and aged care. It is based on the fact that appropriate housing and social supports can enhance older people's self reliance and quality of life and reduce their need for aged care services. Apartments for Life¹⁰ will:

- enable people to remain in their own homes and communities
- encourage older people to be as self-reliant as possible
- offer more cost effective ways of supporting frail older people, and
- enhance older people's participation in the community.

This project has entailed the undertaking of a significant financial risk for the organisation. While TBS has gained expert advice, has proceeded cautiously in stages and has attempted to plan for and manage risks, the project is nevertheless an enormous independent undertaking on a scale which would normally associated with commercial enterprises.

Aged care/retirement village providers have traditionally relied on government financing and/or full cost recovery from individual residents. TBS is investing in a venture that is not structured with these assumptions. The model proposed will, if implemented as planned, deliver benefits for Australian society (and taxpayers), as well as for the individual residents involved.

This innovative project has progressed due to strong support from TBS' Board for pioneering innovative solutions to social issues. The investment by TBS has been considerable, over \$1 million.

Innovation also requires genuine collaboration. As an example of cross-sectoral collaboration The Benevolent Society's Social Leadership Australia¹¹ brings together professionals from NFP organisations, government, business and community members. The aim is to foster new kinds of conversations to generate new thinking and creative solutions to seemingly intractable problems. Programs like Sydney Leadership, Queensland Leadership and community and issues-based programs build the capacity of interested stakeholders to communicate differently and work together across sectors.

A number of philanthropists who are interested in social change organisations like The Benevolent Society, are prepared to fund innovative activities. A recent Australian example of this is the work of the philanthropist Chris Cuffe who is using innovative approaches to fundraising to generate a steady income stream for Social Ventures Australia, an

<http://www.bensoc.org.au/uploads/documents/churchill-fellowship-report-sep2008.pdf>

¹⁰ For more information see <http://www.bensoc.org.au/director/whatwedo/olderpeople/oceanstsite.cfm>

¹¹ Social Leadership Australia <http://www.bensoc.org.au/director/whatwedo/socialleadershipaustralia.cfm>

organisation founded by The Benevolent Society, The Smith Family, Work Ventures and the AMP Foundation.

Recommendation: Funds need to be set aside for innovation. This could be an innovation fund that NFPs could apply for, to trial major new initiatives.

Recommendation: Innovation can be stifled by rigid program design. Governments must involve NFPs in program design and allow for local variation.

Recommendation: Support communities to find innovative solutions, for example through community leadership programs and community development initiatives.

3.4. Regulatory environment

Lead provider model

Lead provider models of service delivery can be positive. Lead provider models have the potential to make community services more effective and efficient by;

- pooling the resources and energy of several NFPs
- taking a more holistic approach to service delivery
- promoting collaboration between organisations
- building the capacity of smaller locally-based NFPs and reducing the administrative burden on them
- allowing pooled purchasing and shared support services, through which small NFPs can take advantage of the benefits of scale.

Successful lead provider models are flexible and adaptable to local strengths and needs, and involve genuine collaboration between organisations and community members. They build capacity within the community overall as well as enabling services to develop a local identity suitable to the context within which they are operating. However, lead provider models can also be rigid and unresponsive to community needs, and shift significant burdens from government to NFP organisations.

Two examples of lead provider models come from TBS's experience in delivering contracts as a lead provider for Brighter Futures (funded by DoCS in NSW) and Communities for Children (funded by FaHCSIA) services.

Case Study 7: Brighter Futures

The Benevolent Society currently delivers Brighter Futures with the support of funding from the NSW Department of Community Services (DoCS). In brief, it is an early intervention program for families with children aged 0 to 8 years in NSW and includes case management, home visiting, child care and brokerage.

When Brighter Futures was in its inception phase, DoCS indicated that it should be delivered through a partnership model involving several NFP organisations in each area. For TBS, this opportunity was greeted warmly.

However, in the development of Brighter Futures, an opportunity was missed to draw on the experience of other existing lead provider programs such as Child FIRST in Victoria, which has clear business rules developed over several years.

The lead provider arrangements in Brighter Futures have turned out to be inflexible and rigid and the program is therefore less effective than it could have been. The model is hierarchical and lacks transparency, as is evident in the program design, data management systems and lack of input from service delivery agencies.

The service model was designed by DoCS and is highly complex. The service provision guidelines have been changed seven times (usually without consultation) imposing a significant burden on lead providers which must then retrain their own staff and staff in partner agencies. Constant turnover of staff within DoCS has exacerbated the difficulties.

The data design and management system for Brighter Futures is complex and again was developed largely without consultation with the NFP partner organisations. Data which is inputted is inaccessible to the provider for their service improvement purposes. As a result, TBS had to develop a parallel data management system to use alongside the official system to collect data for our own evaluation purposes. Due to privacy laws, partner agencies are not permitted to handle data so the lead agency must re-enter their data. Every one of TBS's Brighter Futures sites requires a 0.4 FTE staff member to deal with data management. In order to do a more comprehensive evaluation of our services, TBS had to purchase our own data back from DoCS at a considerable cost.

The hierarchical nature of the model hinders genuine collaboration between partner agencies, and tends to exacerbate rather than enhance the working relationships between small and large NGOs.

However this need not be the case, as demonstrated in the next case study where a more transparent, flexible and facilitative model builds the capacity and collaboration between partner agencies.

These concerns were reflected in a recent evaluation of The Benevolent Society's Brighter Futures programs conducted by a consortium led by the Social Policy Research Centre, UNSW. The main barriers to successful provision of services identified in the evaluation were: difficulties associated with partnership service delivery; staff skills and workload challenges; a division between child protection and early intervention teams; and the high administrative burden on caseworkers.

Case study 8: Communities for Children

The Benevolent Society is the 'facilitating partner' for Communities for Children in two areas – Wyong Shire (Southern Lakes area) and Campbelltown (Ambarvale and Rosemeadow) in NSW. Communities for Children is funded by the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA).

Our experience of this facilitating partner/ community partner model has been overwhelmingly positive. The model allows for responsiveness, innovation, transparency, advocacy and community capacity building.

Communities for Children is sufficiently flexible to respond to the needs of the target groups (in this case, young children and their families) and to build on their strengths.

FaHCSIA has funded a national evaluation and local evaluations, thus contributing to the building of an evidence base around place-based community interventions that promote the health and safety of young children.

The model is also transparent and promotes genuine collaboration between partner agencies. The facilitating partner, working within the place-based framework, can take on the role of working with council, the chamber of commerce, volunteer groups, service delivery organisations, health, housing, schools and more to ensure that the aims of Communities for Children are reflected in the activities of all local community stakeholders.

For instance, the Yummy Café, an initiative of Communities for Children in Rosemeadow/ Ambarvale is facilitated by The Benevolent Society, operated by the YWCA and is owned by the council. The café has been so successful that it has outgrown its current premises and all three interested organisations are working together on plans to expand the café.

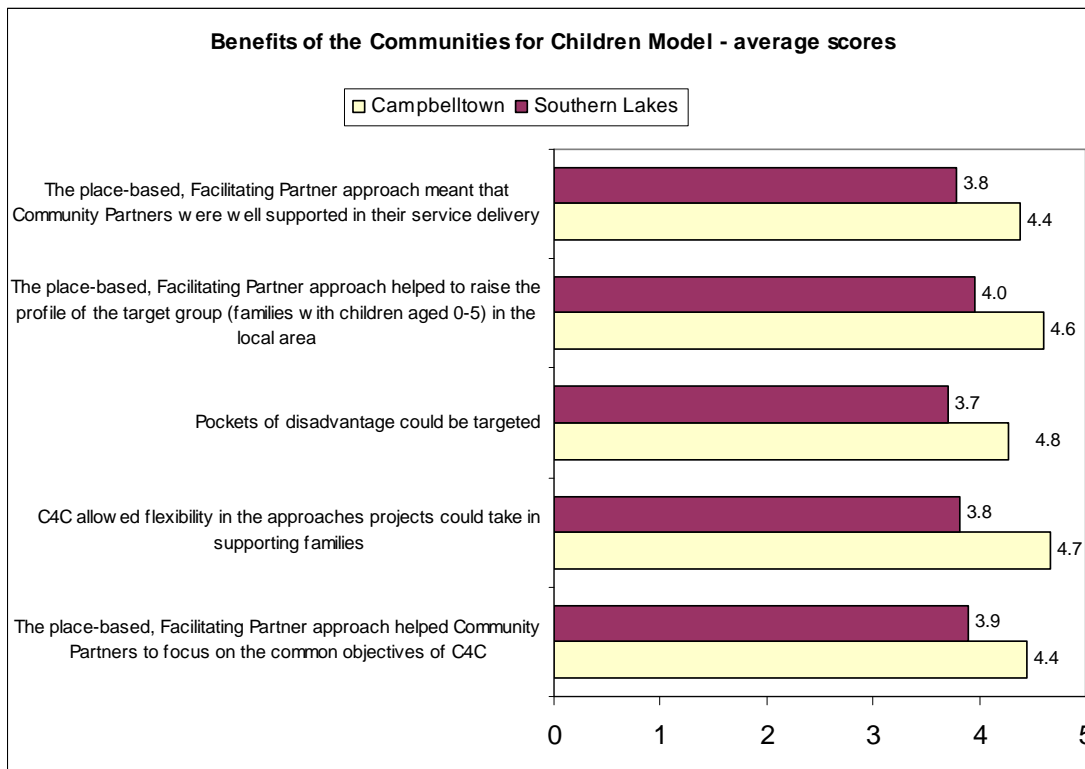
This kind of collaboration has benefits beyond the Communities for Children activities. For instance, when tragedy struck and a 2 year old boy was murdered in the area in 2007, the many agencies in the area were able to come together and coordinate a response which strengthened the community rather than tearing it apart.

The benefits of collaborative service planning at regional level also include reduced duplication between NFP agencies and better systems.

One challenge which has been identified is the lost opportunity for different government departments to leverage off each others' policies and funding investments. For instance, the operators of Yummy Café saw the opportunity to tie employment pathways and services into the existing café services. However, because employment is not a FaHCSIA portfolio responsibility, Communities for Children funding could not be used for this purpose, despite the benefits this would have provided for families with young children.

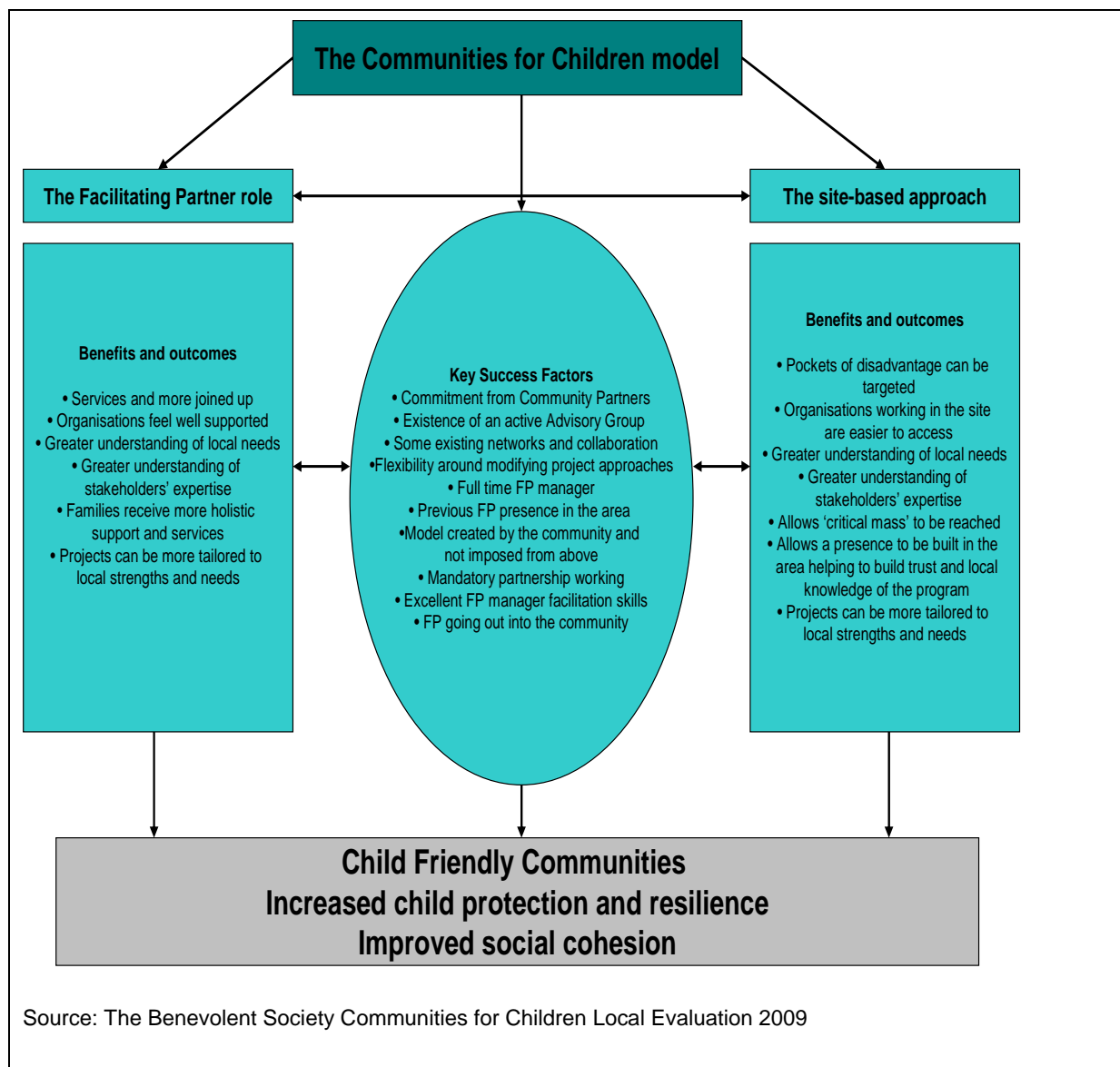
The Benevolent Society's local Communities for Children evaluation¹² asked Community Partners to rate the benefits of different aspects of the Communities for Children model:

¹²A report on The Benevolent Society's Communities for Children evaluation will shortly be available at <http://www.bensoc.org.au/director/resources.cfm>



Source: The Benevolent Society Communities for Children Local Evaluation 2009

Community partners were clear that in order for the Communities for Children model to be effective, the facilitating partner needed to have certain attributes and other key success factors needed to be in place. Factors which were central to the success of the Communities for Children facilitating partner model are outlined in the diagram below.



The Benevolent Society sees the Communities for Children facilitating partner model as an effective and positive approach to place-based interventions, although we recognise that this approach would not be suitable in all circumstances.

Recommendation: The facilitating partner model used in Communities for Children is positive and could be widely adopted in many areas of human service delivery. Its collaborative, place-based approach is consistent with the aims of the Federal Government's social inclusion agenda.

Recommendation: Government departments should engage in collaborative planning, funding and complementary policy initiatives in order to leverage off each other and achieve better outcomes for community members. This is consistent with the Federal Government's social inclusion agenda and will ensure that complex social issues are approached holistically and using local solutions.

Advocacy role

Not for profit organisations play a vital role in civil society. NFPs which deliver social services such as TBS hold significant knowledge about the daily impact of social policy on the lives of disadvantaged people and their communities. NFP organisations have the capacity to support the participation of marginalised people in the development of just and fair social policy, as well as drawing on practice wisdom and evidence from research and evaluation to support the development of effective social policy.

The former Federal Government's punitive approach to advocacy by NFP organisations has passed. However, the legitimacy and value of advocacy is yet to be wholly recognised. The forthcoming National Compact may go some way towards this.

Advocacy is time-consuming and resource intensive, as illustrated by the case studies below. However, NFP organisations' role as advocates is essential in the development of social policy.

Case Study 9: Advocacy and the 2008 Special Commission of Inquiry into Child Protection Services in NSW

TBS's aim was to help bring about positive changes in child protection in NSW by influencing decisions about government policy, practice and resource allocation. To do so we drew on our extensive experience in child protection and early intervention, combining this with evaluation and research findings and leveraging off this via networks and relationships built up over time.

Significant resources were assigned to this advocacy effort as we saw it as a once in 10 year opportunity to contribute to reform for the benefit of NSW's most vulnerable children. TBS is one of a small number of NFP organisations in NSW with sufficient experience in child protection and early intervention to have been able to make a contribution on this scale.

The key activities that we undertook to contribute to the reforms process included: a pre submission meeting with James Wood in December 2007; a detailed submission to the Inquiry listing 24 recommendations for reform; internal stakeholder forums; contribution to sector wide policy analysis and communication strategies through the Association of Children's Welfare Agencies (the peak agency in NSW); contributions to external sector forums; attending and speaking at Inquiry Hearings; op ed pieces, letters to the editor, radio interviews and media releases; and meetings with key decision makers.

TBS made 24 recommendations to the Wood Inquiry of which 17 were partially or fully supported by the Inquiry and, subsequently, the NSW Government.

Recommendation: Governments should recognise the legitimacy and value of advocacy activities of NFP organisations through formal mechanisms like the National Compact. NFP organisations must have ‘a seat at the table’ when policy is being developed and input into policy decision-making processes, especially when NFP organisations agencies will be asked to deliver the resulting services.

4. Service delivery

4.1. Funding and contractual arrangements

The challenges related to funding and contractual arrangements between government and NFP organisations are well known. Funding frequently does not reflect true costs, short funding cycles create uncertainty and are of doubtful utility, and lack of cooperation and consistency between government departments compounds these issues.

Findings from a recent study by the UK National Audit Office echo similar issues with funding and contracts in Australia. It found inconsistent practice and confusion over when to use grants and contracts, and recommended that “departments clarify whether they are giving (providing general support to a worthy project), shopping (using competitive tendering to get value for money for service delivery), or investing (seeking a long term outcome)”. The report advocated a range of measures to improve the administration of funding including providing internet-based information and electronic applications, adopting a two stage application process, using shorter and simpler forms, providing guidance seminars and helplines, clarifying eligibility criteria, providing feedback, building in funding for the bid-planning process, and sharing information on NFPs between funders¹³. Victorian Commissioner Susan Pascoe has stated that these same reforms would be welcome in her own state. The same could be said of all state and federal funding.

The Benevolent Society supports the recent NSW Audit Office’s Review of Grants Administration¹⁴ recommendations that grant-making agencies should:

1. Manage risk and streamline procedures to the minimum needed to ensure accountability and value for money.
2. Improve transparency by publishing in an accessible and timely way:
 - a rolling calendar of grants funding expected to be available in the next 12 months
 - their procedures for making grant decisions
 - Ministerial Directions to make or refuse grants outside of normal procedures
 - evaluation of what grant programs achieved and how the distribution of funds has supported government objectives.

¹³ Commissioner Susan Pascoe, *Regulating the Not for Profit Sector*, AM State Services Authority January 2008 [http://www.ssa.vic.gov.au/CA2571410025903D/WebObj/NFP_Research_Pascoe/\\$File/NFP_Research_Pascoe.pdf](http://www.ssa.vic.gov.au/CA2571410025903D/WebObj/NFP_Research_Pascoe/$File/NFP_Research_Pascoe.pdf)

¹⁴ <http://www.audit.nsw.gov.au/publications/reports/performance/2009/grants/execsum.htm#grants>

3. Set up timely monitoring systems, tie payment to clear performance measures and require the recipient to establish internal controls.
4. Tell unsuccessful applicants why their proposal was rejected.
5. Reduce red-tape by using:
 - standard terminology when dealing with grant recipients
 - three or four year agreements for recurrent services and ongoing projects
 - targets to better manage the time taken to process grants
 - integrated funding and management of multiple grants.

The case studies below outlines some of the challenges NFP organisations encounter when tendering for government funding.

Case Study 10: Community aged care and respite care funding

The timing and amount of funding for community aged care and respite care is problematic. For instance, this year three funding opportunities (two from the Commonwealth Department of Health and Ageing and one from the NSW Department of Ageing, Disability and Home Care) were advertised at the same time. It was not possible to put together three good quality applications concurrently so TBS reluctantly choose to not apply for some of the funding. This issue would be somewhat resolved if the state and federal departments agreed on a staggered timetable for funding rounds for services to the same or overlapping target groups.

The amount of funding offered for community care is often insufficient to enable a new service to be established. Amounts of less than \$100,000 are generally only enough to 'top up' or build on existing services that an organisation is already running in a particular geographical area. The result is that NFPs with relevant and valuable expertise do not apply.

Case Study 11 : See confidential attachment

Recommendation: Funding of human services through NFP organisations should include indexation, the full cost of service provision, and be for a minimum of three years.

Recommendation: Government departments and all levels of government should lead the way with cooperative regional planning, leveraging off each other's funding and activities.

Recommendation: Government agency staff should receive training in developing and managing contracting regimes.

Recommendation: Return of surplus funds and interest effectively penalises efficiency. Surplus should be retained by organisations so they can build reserves for innovation, research, evaluation and advocacy.

Client-centred services

The Benevolent Society currently delivers an array of community care services for older people, carers and people with disabilities in New South Wales. These areas of service delivery are the most clearly affected by the trend towards models of care which enhance consumer choice and autonomy. The Productivity Commission's own report on Trends in Aged Care Services¹⁵ provides a helpful overview of the range of mechanisms to promote consumer centred care.

The Benevolent Society supports targeted reforms which provide more individualised services that promote client independence and improve access to community care services. Pooled funding with assisted choice is also a positive direction. The Benevolent Society currently delivers Community Aged Care Packages and this model allows flexibility in tailoring the services provided to an older person according to their needs. This model also has the capacity to support older people's social networks. Another option is to provide clients with cash entitlements. There is evidence that these systems can be positive if they "complement a wider service program that includes standard agency directed programs"¹⁶.

Client-centred services have the capacity to empower clients to make choices and engage with their own care. The Productivity Commission research report outlines the likely implications of moving towards services which are more client-centred including the need for better information systems, quality assurance, equity and sustainability. Such safeguards are essential because without them clients who are already marginalised may become more so. Clients need to know about services in order to access them. Some clients may also find it difficult or unappealing to organise their own complex care arrangements.

The Benevolent Society advocates the development of a blended system whereby clients can access a continuum of services which promote an enabling, participatory approach but which also ensures that people get the services they need. The availability of assistance with care planning is essential to this blended model.

We do have concerns about a system developing whereby services are predominantly delivered on a cash entitlements basis. This would present the previously discussed issues around client access, where a two-tiered system of care develops with stronger, more articulate clients with family support able to access the care they need while more marginalised clients are not. This would particularly be an issue in rural areas. User-pays systems would have the potential to exclude social networking activities and community development and have negative impacts on the caring workforce.

Pure cash entitlement systems would be likely to have a further casualising effect on the caring workforce, whereby service providers would effectively be labour hire companies (or be replaced by them). However, NFP organisations like TBS want to run services where staff have long-term relationships with clients and where the clients are connected to their community. More importantly, older clients frequently report disliking and/or finding it difficult having constantly changing care workers.

¹⁵Productivity Commission Research Paper, *Trends in Aged Care Services: Some implications* (September 2008)

¹⁶ Howe 2003a referenced in Productivity Commission, 2008

A research study by Jane Mears with TBS's aged care workers found that it was important to care workers that their work was structured in a way that enabled them to form good relationships. Knowing the older people well enabled care workers to monitor and vary the care according to the changing needs of the older person. Care workers reported that it was these aspects of the work that kept them working in the sector¹⁷. Given these findings, it seems unlikely that work conditions which are further casualised and short-term and do not facilitate the development of a relationship between care worker and client, will be attractive to an already shrinking pool of available care workers.

Alongside the workforce issue is the role of NFP community aged care service providers in attending to older people's needs beyond their physical wellbeing. One example of this is building older people's social networks. In 2007 the Australian Institute of Health and Welfare reported that by the age of 85, 15% of males and 9% of females had not undertaken any informal social activities in the previous three months. The World Health Organisation has reported that inadequate social support is associated not only with lower overall general health and wellbeing, but also with higher levels of emotional distress, more illness and higher mortality rates¹⁸. NFP service providers play an instrumental role in developing social capital in communities and can support frail older people to participate in the community¹⁹. The role of community aged care workers in supporting social contact is key.

Activities to reduce the social isolation of some older people are vital, however a user-pays system may risk ending these initiatives. In the last six months, The Benevolent Society's community aged care services have organised volunteer visits, computer classes, Christmas lights outings, large social gatherings and opportunities for older people to volunteer in schools. These activities are made possible through pooling resources, time, planning and through building up of care workers' relationships with clients.

The Benevolent Society supports funding arrangements which promote client autonomy and choice, as well as recognising the important role that skilled care workers, relationships and community participation play in clients' wellbeing.

Case Study 12: Client-centred care in Apartments for Life at Ocean St

Apartments for Life is a new model of aged care being developed by The Benevolent Society (see Case Study 6 for details). Some residents will live wholly independently; others will need care services and support from time to time or on an ongoing basis. The Society understands that one of the hardest things for older people is finding out about and then getting the right type of care and support when they need it.

At Apartments for Life there will be a care advisor to help residents obtain necessary care assistance from one or more of the care agencies in the area. The care advisor will:

¹⁷Mears, 2006 referenced in *Research to Practice Briefing 1: Caring for older Australians*
<http://www.bensoc.org.au/uploads/documents/research-to-practice-briefing-1-caring-for-older-australians-nov2008.pdf>

¹⁸Australian Institute of health and Welfare, 2007 and World Health Organisation, 2002 referenced in *Research to Practice Briefing 2: Promoting Social Networks for older people in community aged care*
<http://www.bensoc.org.au/uploads/documents/research-to-practice-briefing2-OLDER%20PEOPLES%20SOCIAL%20NETWORKS-feb2009.pdf>

¹⁹Healy, K, 2007. *Creating better communities: A study of social capital creation in four communities*
<http://www.bensoc.org.au/uploads/documents/creating-better-communities-nov2007.pdf>

- provide hands-on help to enable residents to connect with the type of care or support they need
- negotiate with health and care services on residents' behalf
- discuss with residents' families how they might help more, if appropriate
- arrange for volunteers to visit isolated residents, if appropriate, and
- help organise transport, e.g. for people to go on an outing or to see a specialist.

Recommendation: The Benevolent Society supports funding models which promote consumer autonomy and choice. This should not occur at the expense of service quality and accessibility.

Recommendation: Governments recognise and factor in the role of NFP service providers in facilitating and coordinating service delivery and in supporting social networks.

4.2. Accountability and reporting

Accountability and transparency is vital in the delivery of social services. Funding bodies require an increasingly complex array of data on service provision. Alongside this, NFP organisations are developing a range of strategies to more effectively measure the impact of their work. As a result, often the minimum data sets which funding bodies require would be collected regardless.

The challenges lie in the replication of data collection and reporting, the lack of access to data collected, and the focus of the reporting on outputs rather than outcomes. See the illustrative case study below, as well as the earlier Brighter Futures Case Study 7.

Case Study 13: Funding for carer respite services

The Benevolent Society is funded by the National Respite for Carers program to deliver three types of services for carers in a particular part of Sydney. These services operate seamlessly and leverage off each other in order to achieve the best outcomes for clients. However, there is a requirement that each program be reported on separately twice a year. There is a strong emphasis on continuity of care and the quality of the service but reporting is still very much in silos.

Recommendation: Government programs and departments should work together to standardise data collection requirements, and if at all possible use the same data for several purposes (rather than collect it more than once).

Recommendation: As stated in our submission to The Senate Enquiry into Disclosure Regimes for Charities and NFP organisations²⁰, the following measures could assist the sector to improve governance, standards, accountability and transparency:

- National harmonisation of fundraising legislation and an effort to consider the regulatory impact of different legislative regimes and the importance of industry standards (codes).

²⁰ http://www.aph.gov.au/Senate/Committee/economics_cte/charities_08/submissions/sub106.pdf

- Standard clauses in government contracts (state, federal and local) that line up with best practice financial management (e.g. the requirements to maintain separate bank accounts for each government contract, interest clauses, reporting deadlines should line up with ASIC reporting deadlines, clarity on lead agency obligations in relation to contracted community organisations, audit and certification requirements).

We encourage development of specific financial and non-financial reporting guidance by the AASB the application of which would be mandatory and would include:

- A standard reporting format for all Government funded acquittals.
- Removal of the NFP entity exclusion in AASB120 Accounting for Government. Grants and Disclosure of Government Assistance, to allow consistent recognition of revenue across all reporting entities (for profit and non profit).
- Accounting for capital grants from government and non-government entities to allow expenditure to be expensed against the grant rather than capitalised, and deferred expenditure (depreciation) charged in future periods with no corresponding revenue offsets.
- An accounting standard on the disclosure of fundraising costs to allow consistent disclosure.

4.3. Evaluation

Evaluation of service delivery is essential for measuring the effectiveness of interventions and building the evidence base for what works.

The Benevolent Society's purpose is to create caring and inclusive communities and a just society. When evaluating the effectiveness of our programs, our primary interest is focussed on the outcomes for individuals and clients. However, the evaluation required by government funders often focuses primarily on outputs. TBS is working with our colleagues in the NFP sector through fora such as the Australasian Evaluation Society and the NGO Research Network in NSW to improve the quality of our evaluation and ensure that evaluation data goes towards growing the Australia evidence base of best practice.

Recommendation: Funders should involve NFPs in the design of evaluations and ensure that effectiveness and outcomes are measured, not just outputs.

Recommendation: Adequate funding for useful data collection and evaluation of outcomes should be attached to all service delivery contracts.

Recommendation: Funders should take a role in coordinating consistent data collection across NFP organisations.

5. Trends and developments

Independent regulatory body

An independent regulatory body for NFP organisations could play a positive role. An Australian National Regulator for Not-For-Profit Organisations, as recommended by the 2008 Senate Inquiry on Disclosure regimes for charities and NFP organisations, could assist with reducing and standardising reporting, minimising red tape and supporting best practice in governance. However, any additional body which required further reporting and red tape would be unwelcome.

6. Summary of recommendations

Enhancing the efficiency and effectiveness of the NFP sector

Human resources: capacity building of the NFP workforce should be factored in to program funding; develop TAFE courses on management in the NFP sector; support the NFP sector in workforce planning; address pay parity between the NFP sector and government; entitlements should be portable across and within the NFP and public sectors; provide low cost or no cost training when regulations change.

Financial resources: increase tax incentives for donating to charities.

Innovation: put systems in place which encourage secondments between government departments and NFPs; support knowledge dissemination and evidence-based practice in the NFP sector; promote the spread of knowledge between sectors; set aside funds for innovation; governments must involve NFPs in program design and allow for local variation; support communities to find innovative solutions, for example through community leadership programs and community development initiatives.

Regulatory environment: the facilitating partner model in Communities for Children could be widely adopted in many areas of human service delivery; government departments should engage in collaborative planning, funding and complementary policy initiatives; government must recognise the legitimacy and value of advocacy activities by NFP organisations.

Service delivery

Funding and contractual arrangements: funding of human services through NFP organisations should include indexation, the full cost of service, and be granted for a minimum of three years; government should lead the way with cooperative regional planning, leveraging off each other's funding and activities; government agency staff should receive training in developing and managing contracting regimes; surplus funds should be retained by organisations so they can build reserves for innovation, research, evaluation, advocacy; funding models which promote consumer autonomy and choice must also ensure service

quality and accessibility; governments should recognise and factor in the role of NFP service providers in facilitating and coordinating service delivery and in supporting social networks.

Accountability and reporting: government programs and departments should work together to standardise data collection requirements, and use the same data for several purposes; implement measures to assist the sector to improve governance, standards, accountability and transparency.

Evaluation arrangements: funders should involve NFPs in the design of evaluations and ensure that effectiveness and outcomes are measured, not just outputs; adequate funding for useful data collection and evaluation of outcomes should be attached to all service delivery contracts; funders should take a role in coordinating consistent data collection across NFP organisations.