



CHILDREN BY CHOICE
ASSOCIATION INCORPORATED

Submission to the Contribution of the Not-for-Profit Sector – Productivity Commission Draft Research Report

About Children by Choice Association Incorporated:

Children by Choice provides counselling, information and education services on all options with an unplanned pregnancy, including abortion, adoption and parenting. We provide a Queensland-wide counselling, information and referral service to women experiencing unplanned pregnancy, deliver sexual and reproductive health education sessions in schools, and offer training for GPs and other health professionals on unplanned pregnancy options. We receive funding from Queensland Health for service delivery and employ six staff. Some training activities are conducted on a fee for service model, but many are provided at low or no cost to other community organisations.

Children by Choice supports women's access to all options with an unplanned pregnancy, including abortion, and have been involved in helping women access these options since the service began operation in 1972. Through our active volunteer base, we campaign for the removal of abortion provisions from the Criminal Code of Queensland, and many reproductive health issues such as paid maternity leave. Children by Choice is the only independent, not-for-profit women's service dedicated to unplanned pregnancy in Australia. Children by Choice is recognised nationally and internationally as a key advocacy group for the needs and rights of women in relation to access to reproductive health services with regard to unplanned pregnancy.

Our vision: all women can freely determine their sexual and reproductive health choices.

Key values that underpin our work are:

- pro choice and woman centred
- ethical and evidence based
- non-judgemental and unbiased
- confidential and respectful
- a commitment to social justice, diversity, equity
- the right to self determination

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Responses to the Draft Research Report's Summary of Recommendations:

Children by Choice welcomes the opportunity to comment on the draft report. We will focus on the Summary of Recommendations (p LIX-LXV) and our response is constructed around our role as a not-for-profit working to improve the wellbeing of our clients.

“Smarter regulation of the not-for-profit sector”

We support the Productivity Commission's call for smarter and more uniform regulation of the not-for-profit sector. We endorse the recommendation for adoption of the standard chart of accounts, as a member of the original consultative group for the QUT project.

Australia does need a tiered and uniform system for regulation. However, while simplifying the reporting and compliance obligations of small entities is important, we are concerned that the ability of small NGOs to compete is not inhibited by the process. For example, that non-registration in the central system may be used as a barrier in applying for a grant.

It would streamline our reporting obligations if the Commonwealth tax concession status held by Children by Choice (Income Tax Exempt Charity) would enable us to receive stamp duty and other State exemptions without extra applications and reporting.

In considering a statutory definition of charitable purpose, we urge the Commission to consider the United Nations definition of health as “*a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity*”.¹ This definition was adopted in 1946, yet current charity definitions in Australia still focus narrowly on disease.

“Building knowledge systems”

Good data can inform and direct targeted service delivery. However, in our experience, both government and other funding bodies are unwilling to fund detailed evaluation beyond collecting standard output numbers (eg. number of calls).

While all levels of government collect data, there needs to be a strong undertaking to commit to disaggregation by gender, and also consider datasets of particular disadvantaged groups and geographical locations.

¹ Preamble to the Constitution of the World Health Organization as adopted by the International Health Conference, New York, 19 June - 22 July 1946; signed on 22 July 1946 by the representatives of 61 States (Official Records of the World Health Organization, no. 2, p. 100) and entered into force on 7 April 1948. The definition has not been amended since 1948.

As a not-for-profit focused on improving the wellbeing of our clients, we often write submissions, project briefings and letters to Members of Parliament, Federal and State departments, city councils and the press. We find that detailed evidence-based data and analysis is not welcomed by many, most return a bland non-committal response and certainly no interest in joint evaluation. In contrast, within the sector amongst our networks with not-for-profits, such as with WomenSPeak, the Queensland Women's Health Centre Alliance, or the Brisbane Health Educators' Network, there is strong interest in evaluation, in conducting collaborative exploratory projects, in comparing project approaches and sharing information about outcomes.

The focus of this report recommendation seems to be on top-down systems rather than circular feedback loops.

“Sector development”

To develop the sector, the narrow DGR and PBI status needs to be redefined more broadly with reference to international standards. The UN definition of health has already been mentioned in our submission. Organizations with political/legal reform mission statements and advocacy roles have been excluded also, whereas these systemic issues are important to achieving improved health and wellbeing outcomes for disadvantaged groups.

In many cases, funding guidelines create barriers to capital investment. For example, Children by Choice owns our building. We are not funded for any building or property improvements, yet Queensland Health will fund rent as an allowable expense in their service agreements. There is no recognition of the cost of capital within small project funding agreements either, the full cost of running a six month pilot project is more than a short list of allowable direct costs.

The areas where many not-for-profits work are not glamorous and attractive capital gain opportunities. For example, a downtown office block is hard to compare with a community centre in a depressed area.

There are strong gendered issues in access to capital. Women earn less than men, while living longer. Capital markets are dominated by men, whereas the Not-for-profit sector has a majority of women workers, allied to the gendered caring roles which women have traditionally been responsible for. A large football stadium and sporting fields are readily funded by government, yet a women's health centre with a small yoga space is not.

The report makes the following generalized claim:

“Many NFPS lack skills and knowledge required to meet increasing ... demands for accountability and risk management”.

This statement needs to be disaggregated and analysed in more detail. We would consider that there is a lack of evidence for this statement in our area – women’s health centres are well managed and inventive in managing on small resource base. It is likely that people from culturally and linguistically diverse backgrounds may require significant yet well directed assistance in negotiating Australian government processes, but cultural and language barriers should be actively reduced by government, not viewed as a “lack” within NFPs. Not-for-profits in particular fields or geographic regions may also have difficulty in sourcing people with these skills, which mirrors labour force issues in other sectors.

There are many systemic barriers to obtaining a stronger not-for-profit sector, including pay equity and the long term undervaluing of “women’s work” and geographic issues in attracting workers to areas of high social need. The short term nature of funding limits both the employment security of staff and the effectiveness of programs.

The strong, yet hard to measure, role of volunteers in the sector is recognized in the Productivity Commission’s report. A particular challenge for not-for-profits is providing good supervision to ensure worthwhile work is undertaken. While the Australian Government has a small volunteer equipment grant, there is little funding support for training and supervision of volunteers, apart from complex mutual obligation provisions through unemployment processes. Considering that the skills many volunteers acquire from volunteering equip them to obtain paid employment, government support for organizations to skill volunteers is very underfunded has great potential to increase productivity in Australia.

“Stimulating social investment”

The report particularly mentions rewarding innovation. The Prime Minister’s Prize for Science is \$300 000. No equivalent rewards for innovation exist in this sector.

To develop the sector, there needs to be low barriers to entry of new, small innovative organizations, in the same way that new businesses are supported. Currently, there are high barriers, such as the DGR status, compliance costs and insurance issues. Large religious organizations with a long historical presence in “charity” are favoured in regulatory processes, competitive tendering and grant submissions. It is often a mandatory requirement that a not-for-profit should have a three year history of audited accounts, yet start up grants for business are focused towards the future, Business Plans and projected cashflow.

Innovation in not-for-profits is particularly constrained by the immediacy of clients’ needs. For example, a Children by Choice client might be a young girl with limited knowledge of contraception. Her contact with us is focused around her crisis unplanned pregnancy, whereas we would have preferred to have her as a client a few years earlier in a reproductive health education session. However, government is unable to fund

recurrent ongoing preventative health work when the acute caseload, beds in hospitals, is under-resourced.

While social investment may emerge from the private sector, such investment is generally closely linked to endorsing their core mission and focused on investment with the capacity to generate high profile and purposeful public relations strategies. The private sector is also male dominated, the extremely low number of women in decision making positions has been extensively documented. This impacts upon what the corporate sector will choose to invest in, issues such as unplanned pregnancy, eating disorders and domestic violence, do not attract large corporate sponsorship and donations.

“Improving the effectiveness direct government funding”

The report notes that not-for-profits operate in a market failure environment. Queensland Health has received our data for many years. Our data demonstrates a huge increase in client demand, from 1597 telephone contacts in 2002/03 to 2644 in 2008/09. We have handled this volume of contacts with the same allocation of funding. This is a characteristic of successful not-for-profits, our reputation and expertise coupled with a difficult external environment generates an increasing workload, without the corresponding revenue stream that increased customers would bring to a small business.

The key contact for interaction with government regarding your service delivery contract is the contract compliance section, not someone with a policy role, who can partner with you in exploring innovative approaches or negotiate additional funding when the caseload evidence is overwhelming.

In some cases, improving the consistency and less duplication of government requirements would ease the compliance burden on not-for-profits. For example, the Office for State Revenue requires annual statements from incorporated associations within a different time frame than Queensland Health.

“Removing impediments to better value government funded services”

In some cases, government processes are designed to limit the income of not-for-profits. For example, the Medicare rebate for pregnancy counselling is not available to organizations receiving government funding. So while the Commonwealth has made funding available for this activity, it has constrained this rebate. The concept that we would be “double dipping” is flawed, considering that Queensland Health obtains our full audited statements and this revenue stream would be disclosed. It is in effect a restraint of trade, why can we not provide this service in accordance with the Medicare regulations like any other business? Profits and higher income streams are channeled by not-for-profits to further assist their clients, yet government seems intent on regulation to restrain income.

When government departments decide to call for a competitive tender in the social service area, they are creating a market force for services when previously none existed. Revenue is now available, when a small not-for-profit may have been providing services for many years trying to meet a social need while receiving no income. Yet, the history and efforts of the past are suddenly not applicable. For a tender to be “fair”, everyone is seen as needing an “equal” chance of being successful through tender. The tender specification is created by government, excluding services with expertise in the service so they don’t receive inside knowledge of the specification. By excluding the people who have the knowledge, the tender for service can be poorly structured or miss the target. Suddenly large corporations and mainstream charities bid for services which they have never previously delivered. Due the weightings on financial audit, ability to meet compliance guidelines, reputation in delivering on government contracts, and expertise and financial resources available to prepare tender documents, these contracts are awarded to large organizations at the expense of smaller targeted organizations. Financial criteria are heavily weighted over specialist and local knowledge. There is an urgent need for the Federal and State governments to critically analyse the impact of their rigid tender formulations on both the not-for-profit sector and their clients.

The complexity of the not-for-profit sector is acknowledged by the productivity commission in its report, yet governments fail to address this complexity in dealing with the sector.

“Building stronger, more effective relationships for the future”

This policy needs to actively ensure the participation of not-for-profit organisations not just in policy and decision making, but also control of resources allocated towards improving the wellbeing of themselves and the clients whom they represent. As recognised by the National Sexually Transmissible Infections Strategy 2005-2008, the participation of affected people and communities is essential in developing and implementing policy and programs. According to the strategy:

‘This participation ensures that policies and programs are responsive to needs, are informed by the experiences of people affected by [the policy] and are designed for maximum positive effect’.

With a partnership approach, government, business and community organisations can improve the well-being of society. We commend the Productivity Commission for its work, while urging it to consider the impact of gender in social inclusion issues, the government’s responsibility to include people experiencing social exclusion in designing and managing solutions, and the many and diverse impacts upon productivity caused by doing business in an underlying market failure environment.