



NCOSS submission to the NSW Health Council - NGO Program

1. About NCOSS

NCOSS is the peak body for social and community services in NSW. NCOSS works with its members on behalf of disadvantaged people and communities towards achieving social justice in NSW.

The NCOSS Health Policy Officer Project is funded by NSW Health and one of its three key areas of work is to assist Non-Government Organisations (NGOs) to play a more active role in health care delivery.

NCOSS held two Developing Partnerships seminars to bring Area Health Service staff, Departmental staff and NGOs together to discuss issues emerging in the relationship between NGOs and their funding bodies.

The NCOSS Health Policy Officer is a member of the NSW Health NGO Advisory Committee, chaired the NGO Policy Sub-Committee and is a member of the Accreditation Sub-Committee. The NCOSS Health Policy Officer represents the interests of NGOs on the management committee of NSW CHASP, which has primary responsibility for accreditation of health NGOs.

The NCOSS Training and Resource Project is funded by NSW Health to undertake a training needs analysis on management and governance for NGOs, and to prepare a management and governance handbook.

2. About the NGO Program

The Non-Government Organisation (NGO) Projects provide an extremely broad range of front line health services, ranging from treatment services to early intervention and prevention services. The sector is extremely diverse, reflecting the wide range of community needs identified.

NGOs provide services which are complementary to mainstream health services. In many cases, they provide services which have not historically and would not be provided by public sector providers.

The NSW Health NGO Program provides grants to about 360 projects. The value of grants ranges from \$1 000 to \$5.9 million. The vast majority of projects (295) receive less than \$200 000 per annum.

Funded NGO Projects were identified in a number of ways:

- (a) needs identified by local communities.
- (b) needs identified by Government agencies.
- (c) needs identified by larger charitable style NGOs. (These projects fund one activity of a larger charitable organisation.)
- (d) enhancement of existing projects.

All NGOs are governed by volunteer committees of management drawn from the community of interest and from individuals with relevant management skills.

Community participation in planning and evaluation of services is a defining characteristic of community based services.

3. Proposed cuts to the NGO Program

3.1 Magnitude of the proposed cuts.

NSW Health is planning cuts to the NGO Program. NCOSS understands that the program of cuts is \$1.5 million 1999-2000, \$2 million 2000-2001, and \$2 million 2001-2002. Currently there is just under \$60 million of funding for the NGO Program, so these cuts constitute 9% of the total budget.

The cuts are not based on the outcomes of any review of the NGO Program. NCOSS has not been advised of any objective criteria for evaluating services to determine where the cuts will fall. The cuts are stated to be part of the \$42 million to be transferred from health service administration to front line service delivery announced by the Minister for Health some months ago.

NCOSS is particularly concerned at rumours that elements in NSW Health wish to use the cuts as an opportunity to defund advocacy organisations.

NCOSS strongly urges the NSW Health Council to oppose these cuts.

Key concerns for NCOSS are:

- NGOs are front line services. They provide treatment services, early intervention, and prevention. They play a key role in keeping people out of the hospital system.
- The cuts will impact most heavily on disadvantaged people, who are the target group of many of the community organisation funded under this program.
- NGOs don't have the capacity to make "administrative" savings. NGOs have very limited budgets and cuts to funding would translate directly into fewer services on the ground.
- The proposed cuts to the NGO Program are disproportionate to the overall cost of the program. Over three years, the cuts add up to 9% of a \$60 million budget.
- Cutting NGOs means losing the community resources which they mobilise through volunteers and donations.
- Ongoing funding is needed for peak bodies. The peak bodies play a key role in ongoing quality improvement work within the NGO sector, and in information sharing, skills development, and problem solving.
- Ongoing funding is needed for the small number of policy/advocacy positions working to assist consumers to participate in health decision making.

3.2 Limited opportunities for savings

There are limited opportunities to find savings in the NGO Program.

3.2.1 limited scope for administrative savings

There is limited scope for administrative saving because of historical underpayment of cost escalations and forthcoming cost increases.

As a result of infrequent payment of CPI over many years, NGOs have experienced substantial cuts to their grants in real terms. Alcohol and Other Drug NGOs, for example, calculated that over the past six years, their budgets are 10% behind the public sector in adjustment for cost escalation.

These real cuts in NGO budgets have been absorbed by cuts to administration, and when these were exhausted, by cuts to service delivery. There are many NGOs which fund their staff's annual Award increments by reducing hours of service provision.

As discussed above, NGOs are particularly focused on the needs of disadvantaged people who are often marginalised by mainstream service provision. Phone contact and reception services are an important element in promoting access, and should not be viewed in isolation from the overall work of the service.

There are a number of forthcoming cost increases facing NGOs. There are no indications that these will be separately funded:

- Superannuation Guarantee Levy payments have risen from 5% as of June 1995 to 7% at present. These are due to increase to 9% in July 2000.
- The Social and Community Services (SACS) Award is currently being renegotiated and significant increases are anticipated. The current pay scale ranges from \$19 470 to \$37 451, while the proposed award ranges from \$23 158 to \$59 144.
- Many NGOs are facing increased rents as Government and Local Government agencies commence charging market rent rather than peppercorn rents for premises.
- Compulsory computer upgrades to meet Y2K compliance will place large financial demands upon NGOs accustomed to using second hand computers. The NCOSS Y2K Project is providing workshops in risk assessment and contingency planning, however the capital costs of hardware and software replacement remain outstanding.
- Changes to FBT will reduce the scope for salary packaging, forcing NGOs to pay more to maintain the value of the salary package, or to reduce staff and cut services. The GST is also anticipated to have an impact on NGOs.

3.2.2 no evidence of duplication

There is no evidence that NGOs are duplicating services provided by Area Health Services.

NGOs consistently target communities which are marginalised by mainstream services. These services are complementary to the mainstream Area Health Service, not in competition. Were NGO services withdrawn, the Area Health Service would be forced to identify strategies to provide access to these groups.

NGOs also fill gaps in service provision by Area Health Services. For example, Alcohol and Other Drug NGOs provide the bulk of drug free residential treatments and community development activity on alcohol and drug issues, while Area Health Services have focused on detoxification, methadone and brief primary health care programs.

3.2.3 no evidence of excessive grants

There is no evidence that NGOs are receiving grants which are in excess of the funds required to comply with their performance agreement or to meet community need. Instead, evidence points to a shortfall in program funding which is impacting on the ability of services to maintain current levels of service provision.

4. Strengths of the NGO Program

4.1 cost effective service provision

NGOs are very effective in mobilising community resources, and therefore providing services at a significantly lower cost than mainstream service providers.

NGO management is by a volunteer management committee, which often includes professionals. This substantially reduces the cost of management. Many NGOs receive free or subsidised auditing and legal work.

Some NGOs provide services exclusively through volunteer workers, or with the involvement of volunteer workers. This approach is not consistent across the sector, as there are many views about the most appropriate role for volunteers in service delivery.

Another factor contributing to cost effective service provision is the unfortunately low wage rates contained in the Social and Community Services Award which covers many NGO workers. This

Award provides for substantially lower wages than equivalent public or private sector agreements.

4.2 effectively reach marginalised groups

Many NGOs specifically target marginalised groups in their community. Their flexible structures and client focused ethic makes them particularly well suited to responding to the needs of marginalised groups.

This work is particularly important as many marginalised groups do not use mainstream health services, or do not use them until they are seriously ill. This places people at risk of hospitalisation from conditions which are preventable or readily managed through early intervention.

Services targeting marginalised groups include:

- Southern Area Health Service is currently funding the development of a youth health service in recognition of the greater success of community based services in meeting the needs of young people
- Service for the Treatment and Rehabilitation of Torture and Trauma Survivors (STARTTS) provides a service for victims of repressive regimes who are often very reluctant to use “government” services
- Many mental health NGOs provide supported accommodation for people who would otherwise be homeless. Homeless people with a mental illness are rarely linked into appropriate preventative mental health care and primary health care services more generally.
- One of the target groups for Women’s Health Services is women whose cultural beliefs are at odds with men providing health services, such as pap screening.
- Aboriginal Health Services assist indigenous people who are reticent to use mainstream, non-indigenous services
- HIV/AIDS funded NGOs target injecting drug users not in treatment, who rarely use mainstream health services because of stigmatisation and fear of legal consequences

4.3 front line service provision: reducing the need for acute care service

NGOs provide front line health services. While some provide treatment, many are focused on early intervention and prevention work. One of the outcomes of community based service provision is reduced need for acute care services. For example:

- reduced rates of hospitalisation for people with mental illness, both for the mental illness and for other aspects of their health (which are often neglected by mainstream providers)
- more effective care in the community resulting in reduced rates of institutionalisation, hospitalisation and hospital re-admission for people with chronic illnesses such as motor neurone disease
- early identification of cervical and breast cancers for survivors of sexual abuse or sexual assault who often refuse to use mainstream screening services
- preventing drug and alcohol related harm by early intervention and problem identification, particularly in relation to young people

4.4 promote community capacity/social capital

The bulk of NGOs employ a broad community development approach in service delivery, with an emphasis on community participation and empowerment. This approach promotes community capacity/social capital.

Recent health research has emphasised the importance of community capacity/social capital in improving the health of the community. This focus on promoting community capacity/social capital has been reflected in national policy documents such as *Healthy Horizons* (the National Rural Health Strategy), and in documents released by the NSW ALP in the lead up to the recent election.

4.5 greater capacity for innovative work and for cross-sectoral co-operation

Flexible management and an ethic of client focus provides NGOs with the opportunity to undertake innovative work in response to community needs. This is facilitated by the present process for developing funding and performance agreements which emphasises negotiation about appropriate reporting rather than application of an overly bureaucratic performance regime.

NGOs also have a history of effective cross-sectoral co-operation.

4.6 detailed information about emerging community needs

A key characteristic of NGOs is community participation in planning and evaluation of services. The consultation processes which support this work, and the information obtained in day to day service delivery provide NGOs with detailed information on emerging needs in their communities.

This information can be extremely useful for health service planners and managers who then have the opportunity to respond to local needs before it is expressed in morbidity data.

At present, health service planners and managers rarely involve NGOs in any process which would allow this information to be shared. This issue has been consistently raised by NGO peaks at the NGO Advisory Committee, in the review of the Operational Guidelines, and in the draft NGO Policy.

4.7 policy/advocacy NGOs provide independent advice on policy

NSW Health funds very few policy advocacy positions by comparison to other agencies. These represent consumers (including specific population groups) and NGO service providers. As they are few in number, they play a pivotal role in ensuring effective representation of consumer and community interests.

The importance of community participation is emphasised in key Government and NSW Health documents. The Social Justice Strategy states the importance of community participation. The NSW Health Policy Guidelines focus on effective integration of community participation into the policy development process. The NSW Health Strategic Directions Statement includes a section on “engaging the community”. NSW Health has prepared a Community Participation Strategy, which is awaiting release for comment.

A formally stated commitment to consumer and other community participation is of little value in the absence of resources to assist consumers and other community interests to participate effectively.

5. Opportunities for developing the NGO program

5.1 new sources of funding

Emerging needs are creating pressure for additional funds for the NGO Program. As this has historically been funded centrally, these pressures are directed at the Departmental rather than Area Health Service level.

Area Health Services receive substantial global budgets and are charged with meeting local needs. Currently, Area Health Services are required to administer the NGO Program in their area, but there is no obligation to use their own resources to expand the program.

There are examples of Area Health Services which have taken the initiative to use their own funds to develop local NGOs.

- In Northern Sydney and Northern Rivers Area Health Services, funds from the Area's global budget have been allocated to create new NGOs, and to expand the work of existing NGOs.
- In Southern Area Health Services, funds have been allocated to develop a local NGO which can, in future, be funded to provide youth services.
- In Northern Rivers Area Health Service, the commitment to developing the NGO sector includes funding to improve the infrastructure of local NGOs. This is a welcome initiative to assist NGOs stretched by historical underfunding.

South Western Area Health Service is using Commonwealth mental health money to fund a health service position to develop NGO mental health services in that region.

There is scope to expand the use of Area Health Service funds for local NGOs, and there are a range of strategies available to provide incentives or to compel Area Health Services to do so.

Many NGOs have obtained funds through the Registered Clubs Community Development and Support Expenditure Scheme, in which Registered Clubs distribute a proportion of poker machine revenue to community organisations. The Scheme is required by law, however the Scheme is poorly managed by individual clubs. Rather than providing these funds through individual clubs, NCOSS would support a regional process which incorporates consideration of local needs and expertise in community development work.

5.2 improving management and governance

Historically poor funding and an ethic of community service mean that NGOs have focused resources on service provision rather than management and governance. While this produces substantial savings in the short to medium term, management skills development has been *ad hoc*.

NSW Health has provided \$50 000 recurrent for sector training. The first two years of funding are targeted to management and governance and these funds are being used for a training needs analysis and strategy, and a management and governance handbook.

This project is an important first step in developing NGO capacity in management and governance.

5.3 quality improvement

NSW Health has provided funding for NSW CHASP and other approved providers to undertake accreditation reviews for NGOs funded by NSW Health. Women's health services are the first type of service to be targeted, and small amounts of funding are available for "out of turn" reviews.

Quality improvement processes receive support from NGO peaks through seminars, workshops, and sector based discussions, and through direct resourcing to resolve issues in individual services. As few NGOs have the resources to employ consultants to assist with quality

improvement, the peaks play an invaluable role in information sharing, skills development, and problem solving.

Specific initiatives of the NGO peaks include:

- NCOSS Developing Partnerships Seminars, held in April 1998 and December 1998 - seminars for NGO, Area Health Service and Departmental staff to debate emerging issues in the relationship between NGOs and their funders. The seminars include workshops on improving NGO management, working with Aboriginal communities, sharing resources, more effective planning processes, criminal record checks.
- MHCC Mapping, Analysis and Performance Project which is collating information about activities and services undertaken by NGOs, clarifying the common elements of NGO mental health activity in NSW, documenting the standards, outcomes and effectiveness of mental health NGOs, and developing a collection of tools and strategies for measurement and assessment of mental health NGO activities. The Project is funded by the Centre for Mental Health, NSW Health.
- NADA Information Technology/Data Management Project - provides a website based health monitoring and outcomes database consistent with national and State minimum data sets; improves the capacity of member organisations to comply with data gathering and reporting; improves member agencies' capacity for information exchange and skills development; provides government with an aggregated sector-wide comprehensive database on service capacity and delivery across the NGO sector. (A recent Drug Summit funded initiative)

WHIRCCA is undertaking "Managing a Review", a project to provide models of best practice and benchmarks to ensure the provision of quality and competent health services to women. The Department for Women is funding publication of the project report as an example of good practice.

5.4 improved research on outcomes

The medical focus of health research funding means that little research has been undertaken on the outcomes of non-clinical work undertaken by NGOs.

For NGOs this means:

- NGOs find it difficult to prove their worth in the health system. While many health service staff are well aware of the valuable work performed by NGOs, there are many who have not had direct experience of NGOs and are unaware of the specific outcomes achieved. Research data would greatly assist in improving health service decision makers' understanding of the NGO sector and its relationship to mainstream services.
- NGOs can obtain information on the relative efficacy of different approaches through informal networks only. This is time wasting for NGOs, both for those seeking information and those providing it.
- The absence of research data means that the NGO experience is not readily transferred to the Government sector. This is a particular problem at present as the focus on building community capacity has led to greater emphasis on community participation, community development approaches, flexibility, and effective cross-sectoral work. This work attracts substantial funding as "innovative" pilot projects based within Area Health Services, but reflects standard practice in the NGO sector.

The South Australian Community Health Research Unit provides a useful model for consideration in NSW.

NCOSS

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