

Neighbourhood and Community Centres: results for children, families and communities

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Executive Summary

Background to the report

Many challenges currently facing Australian society, such as the increase in child abuse and family violence, persistent patterns of disadvantage, and the ageing of our population, are likely to be exacerbated by the global financial crisis. However even before the world's financial woes started to bite, both the Australian and NSW Governments had recognised the need to put in place policies aimed at delivering stronger and more cost effective services to improve outcomes for children and families particularly areas with populations of low to medium socioeconomic background.

Around the world, research indicates that the success of such services is intimately connected to the level of engagement of the community itself. Without local buy-in, the effectiveness of programs suffers. Neighbourhood and community centres are uniquely placed to play a strong role in the delivery of a whole range of social services. Being embedded in the community, these centres can contribute significantly to improving the lives of the children and young people, families and the elderly, within their neighbourhoods.

The Australian Government's social inclusion agenda aims to launch a new era of governance which will mainstream the task of building social inclusion in order to address the country's social challenges. One of its aims is to focus on particular locations, neighbourhoods and communities to ensure programs and services are getting to the right places. Neighbourhood and community centres ("neighbourhood centres") could be key to the delivery of this priority. The centres are also well-placed to support the NSW Government's aim to 'deliver better results for the NSW community from Government services' (NSW State Plan).

To ensure that neighbourhood centres are ready to provide the best possible support to their communities, the Local Community Services Association (LCSA) has embarked on the neighbourhood centres renewal strategy. This strategy aims to identify and implement best practice, and to pursue adequate funding for its long-term development strategies.

Improving results is a major goal of the LCSA and it has decided to take up a significant challenge: adopting an evidence-based framework for service delivery. The LCSA plans to develop the associated tools to assist its member neighbourhood and community centres to achieve better outcomes for the children, young people, families and communities they serve.

The Results Based Accountability Approach will also provide the opportunity to better align the activities of the neighbourhood centres with the NSW State Plan and to better demonstrate the contribution of the results achieved by the centres to the results sought by the NSW Government.

This report is a critical part of the LCSA renewal strategy and it aims to review and synthesise the best evidence available nationally and internationally on how the neighbourhood centres can help improve the wellbeing of children, families and communities and provide a stronger social infrastructure for NSW. The report

reviews the literature directly pertinent to neighbourhood and community centres and results, and also research which shows population results arising from neighbourhood and community interventions and the effects of neighbourhoods. It also presents findings on the cost-efficiency of neighbourhood centres. Finally it links these findings to the finding of the Wood Commission and *Keeping them Safe*, the NSW government's response to the Commission..

Findings: Neighbourhood Centres

The research shows that neighbourhood centres form a key element of the social infrastructure of disadvantaged communities. The infrastructure provided by the centres can be quickly mobilized, expanded or readjusted to respond to local needs, emerging issues, or opportunities.

Neighbourhood centres improve outcomes for children and families in three main ways, by:

- Providing a range of direct services
- Acting as a conduit to other services
- Providing indirect benefits such as improving social networks and building social capital.

The research shows that neighbourhood centres provide services in a very cost effective manner. The reasons for this include that neighbourhood and community centres:

- receive significant leveraging through the substantial amount of time and effort that volunteers contribute; and
- use workers whose award pay rates are considerably less than comparable government rates.

Direct services

The centres provide a diverse range of services, including family support and parenting programs, child care, youth development programs, adult education and life skills programs, support groups for domestic violence victims and for drug and alcohol abuse, and information and referrals to other local services. Importantly, neighbourhood and community centres provide a non-stigmatising, 'soft' entry point into the service system.

There are emerging a number of rigorous evaluations of high quality intervention programs, in particular community based early intervention and prevention programs aimed at families of children in their early years. These programs deliver the sorts of services provided by neighbourhood and community centres. Emerging evidence has documented a wide range of positive outcomes for children, young people and families participating in these intervention programs as well as spillover benefits for the community as a whole. These benefits include improvements in children's cognitive, social and emotional development, health and safety; parental attitudes, knowledge, behaviour and mental health; and overall family functioning; fewer

hostile and harsh parenting practices, higher levels of parenting self-efficacy; children less likely to be living in jobless households, families and children more likely to be participating in community service activities, higher levels of community social cohesion; and boys being ready for school with reductions in difficult behaviour.

In addition, extensive literature examining the costs and benefits of early childhood and youth development programs of the type provided by neighbourhood and community centres demonstrates that quality early childhood and youth development programs for low income and at risk children, young people and families are highly cost-effective while numerous studies highlight the value of investing in such interventions.

Key findings also indicate that preventive and positive development programs are the most cost-effective. Neighbourhood centres employ a preventive and positive developmental approach already.

Indirect support services

An important issue that leads to the imperfect allocation of community services is that the many disadvantaged groups become 'hard to reach' and cannot successfully engage with the system to secure the services they need. This is partly due to the prejudice and stigmatization in society against people who use such services, and the reluctance to submit themselves to this stigma. The non-stigmatising nature of neighbourhood centres means that they provide an effective prevention and early intervention service by engaging with vulnerable and hard to reach groups with whom the more targeted mainstream services fail to engage.

Emerging analysis and evidence confirms this important function of neighbourhood and community centres and indicates that such centres are contributing a range of indirect support services to their local communities by providing access to information and referral to more intensive services. Additionally, information and referral services of a type generally provided by neighbourhood and community centres have been shown to reduce transaction costs in the child and family services system, significantly improve the allocation of resources across the sector and provide access to direct services for those groups that are difficult to engage

Volunteers

Commonwealth and NSW Government policies have placed particular emphasis on harnessing and encouraging volunteer participation as a means for developing social capital. Volunteering activities raise the awareness of volunteers regarding social issues and can mobilise community members for community building actions. Volunteering is found to be closely correlated with high levels of civic engagement and plays an important role in strengthening social capital and has been shown to lead to improved health outcomes as well as being an identified pathway into paid employment. Neighbourhood centres provide a focal point for volunteering, with a recent survey of NSW neighbourhood and community centres showing volunteers met an average of 31% of centres' total service delivery effort.

Social capital and neighbourhood centres

According to the OECD social capital comprises of networks, shared norms, values and understandings which facilitate cooperation within or among groups. Shared social norms such as tolerance and reciprocity enable those in a community to more easily communicate, cooperate and to make sense of common experiences. Trust has a very important role in supporting efficient interactions and reducing social and business "transaction" costs.

There is a wide range of literature that provides empirical evidence on the contribution of social capital to positive results for children, families and communities. Results evidenced by higher social capital have included health benefits including improved mortality rates, birth weight, lower levels of mental health problems, lower heart disease, longer lives, reduced or lower crime, increased household spending and enhanced labour market outcomes. Social capital also appears to be an important link in birth weight, and childhood morbidity and mortality, child abuse rates and youth depression. A particularly important finding of the research is that increases in social capital are associated with increased productivity.

While empirical studies specifically examining the contribution of neighbourhood centres to increasing social capital are still few in number, those available provide a good indication that the contributions of neighbourhood centres are reasonably strong. Evidenced contributions include promoting supportive relationships, building local networks, building trust in communities and providing pathways to volunteering. Additionally several specific projects noted varied findings such as changes in ability to manage stressful situations, awareness of their children's needs and emotional development, reduced risk of child abuse, enhanced skills in community decision making, increased access to services, leveraging of additional resources and enhanced leadership skills. Research also indicates that to achieve long-term sustainable change and steadily build-up social capital, long-term, well-resourced interventions are needed.

Responding to the Wood Commission and *Keep Them Safe* in harnessing the potential of neighbourhood centres

The Wood Commission of Inquiry has significant implications for neighbourhood and community centres, as it does for all NGOs providing child, youth and family services. The Commission has acknowledged child protection could not be delivered without the NGOs in NSW and has recommended their reach be extended.

The Commission has also specifically addressed the case of the Community Services Grant Program (CSGP) for which there has been no growth funding since 1990. It appears the Commission's recommendation regarding the need for review of funding programs to reduce duplication has led to the postponement of any funding increase to the CSGP and this is having a negative impact on neighbourhood and community centres.

This threat to a core, and sometimes only, funding stream is a problem which neighbourhood and community centres constantly face. It is related to their low resource levels and therefore lack of capacity to impart a sound understanding of what

they do, and of their role in prevention and early intervention and community capacity building, to the funders, and in particular to the Government.

Clearly, it is crucial that the LCSA continues its focus on implementing the neighbourhood and community centres renewal strategy, which will enable it to demonstrate its centres' effectiveness in delivering social services and in developing a stronger and better social infrastructure within our communities.

Conclusions and recommendations

Evidence from the literature review and case studies has shown that neighbourhood centres can use their deep knowledge of the local community and cost effective delivery methods to benefit vulnerable children and families by:

- Providing effective methods for engaging these groups and providing a range of non-stigmatising preventative services
- Acting as a conduit for other services many vulnerable families may not access
- Helping foster greater levels of social capital in the community
- Targeting services to the specific needs of their communities, due to their intimate understanding of the local context
- Providing services more flexibly which leads to greater levels of participation and better results.

Furthermore, the significant use of volunteers and low cost of paid workers makes their unit costs very low compared to other service providers.

Neighbourhood and community centres need to continue their research-based accountability efforts to ensure that they deliver the best-possible services in the most cost-effective manner. At the same time they need to attract steady and long-term sources of funding, which will not only support their accountability efforts, but also their provision of effective and efficient services to children, families and communities.

1 Introduction

1.1 The policy context

Australia faces many long-term challenges in social policy such as the increases in child abuse and family violence, persistent patterns of demographic, locational and intergenerational disadvantage, and ageing of population that will be only exacerbated by the global financial crisis. Neighbourhood and community centres (“neighbourhood centres”) have a very important role in forming the social infrastructure that seeks to address many of these problems.

The Australian Government’s social inclusion agenda aims to launch a new era of governance which will mainstream the task of building social inclusion and some early priorities for social inclusion have been identified. One of those is focusing on particular locations, neighbourhoods and communities to ensure programs and services are getting to the right places. Neighbourhood centres would be clearly uniquely placed to assist in the delivery of this priority, as well as contributing to the other priorities, which are:

- Delivering effective support to children at greatest risk of long term disadvantage.
- Addressing the incidence of homelessness.
- Employment for people living with a disability or mental illness.
- Closing the gap for Indigenous Australians.

The broad goals of the NSW Government are defined in the document *State Plan, A New Direction for NSW*. The overall aim of the State Plan is to ‘deliver better results for the NSW community from Government services’. The State Plan focuses on five areas of activity for the NSW Government:

- *Rights, Respect and Responsibility* — the justice system and services that promote community involvement and citizenship;
- *Delivering Better Services* — key services to the whole population including health, education and transport;
- *Fairness and Opportunity* — services that promote social justices and reduce disadvantage;
- *Growing Prosperity Across NSW* — activities that promote productivity and economic growth, particularly in rural and regional Australia; and
- *Environment for the Living* — planning for housing and jobs, environmental protection, arts and recreation.

The work of neighbourhood centres is very closely aligned with a number of the goals and priorities under these areas of activity and potential exists to reinforce and enhance that alignment.

The State Plan has a strong accountability framework attached to it, with a suite of outcome and performance measures and regular reporting against them. A similar framework that has been adopted by the NSW Government and particularly the NSW Human Services Agencies is the Results Based Accountability Framework (RBA). The RBA approach starts with the end conditions of well-being (results) desired for the particular issue at hand and works backward to the means to get there. The key elements of the RBA approach are identifying the key result and the intermediate results that would lead to the achievement of the key result and selecting strategies, based on the best evidence on what works, which have a well-reasoned chance of achieving the intermediate and key results.

Results-Based Accountability makes an important distinction between *population accountability* and *agency accountability*. These are two fundamentally different types of accountability that often get confused. While accountability for population well-being cannot be assigned to any one agency, accountability for managing an agency or program well can be assigned to the manager of the agency or program.

The RBA approach aligns very closely with the NSW Treasury's results and service planning process. The NSW Treasury Policy and Guidelines paper *What You Do and Why - An Agency Guide to Defining Results and Services* provides General Government agencies with guidance on how to prepare their Results and Services Plans (RSPs) as part of their budget submissions. The RSPs are to be prepared using an approach called 'results logic', which aims to link what an agency does (services) to the impact that it has on society (results), through a series of logical steps (intermediate results). The paper also stresses that a clear distinction needs to be made between "managing for results" and being "directly accountable for results" and that a single agency cannot be assigned full accountability for results for society.

Another recent initiative that has significant implications for the Local Community Services Association (LCSA) is the Wood Commission of Inquiry. The Inquiry was established in NSW to determine what changes within the child protection system are required to cope with future levels of demand once the current reforms to that system are completed. The Commission has provided its report to Government, which envisages continuation of the previous reforms and greater devolution of service provision to the NGO sector, amongst other recommendations. Neighbourhood centres could also play a significant role in the implementation of the Wood Commission's recommendations.

Clearly, the NSW Government is seeking to improve the efficiency and effectiveness of service delivery and base its policies and programs on the most rigorous and relevant evidence and is expecting the same from the organizations it funds. Especially, where significant reforms are being considered, evidence-based methodologies, rather than those based on conventional wisdom or ideology, will be even more important to avoid policies and programs that do not produce results.

Thus, it is very timely that LCSA has embarked on the neighbourhood centres renewal strategy, which emphasises:

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- Providing quality services grounded in evidence based practice
 - Achieving good governance and policy development
 - Establishing data demonstrating the contribution centres make
 - Renewed community engagement and promoting networks of partnerships
 - Using the full range of community development strategies

Gaining adequate funding, through current funding sources, capacity to compete in tender processes and gaining Public Benevolent Institution and Deductible Gift Recipient status across the sector

The strategy will build upon the work of LCSA and the 13 pilot neighbourhood centres in applying the Results Based Accountability Framework and enable the centres to better align their activities with the best available evidence and strengthen the social infrastructure they supply to the NSW economy.

This report aims to review and synthesise the best evidence available nationally and internationally on how the neighbourhood centres can help improve outcomes for children, families and communities. The inherent complexities and uncertainties associated with social interactions and the unpredictability of people's reactions to interventions means that the evidence base is generally not as unequivocal as might be desired, as discussed in the next section. Nevertheless, some robust conclusions can be arrived at and the report aims to support the LCSA's renewal strategy by identifying the most promising courses of action and potential options through which the neighbourhood centres could provide a stronger social infrastructure for NSW.

1.2 Issues relating to researching results for neighbourhood centres

Researching the effectiveness of neighbourhood centres and demonstrating results is a challenging task that requires the commitment of significant levels of time and expertise. A wide range of factors other than the neighbourhood centres impact on the results that the centres aim to achieve. This means that it is very difficult to attribute any specific outcome to the neighbourhood centre intervention. Furthermore it commonly takes long time periods to observe significant results. Often the measurement and assessment tools and data collection and management systems are lacking. Organised support at the sector level such as dedicated research and evaluation organisations or well-structured, long-term and joint evaluation exercises with funders are seldom in place. The centres themselves are very under-resourced and find diverting their scarce resources from service delivery to evaluation difficult (Howarth 1998).

Nevertheless, neighbourhood centres have endeavoured to continuously assess and improve their programs by utilising evaluation approaches such as seeking client feedback informally or through structured client satisfaction reports, holding key-informant and focus group discussions about program results and gaps in service delivery, and searching for best practice models. This has produced a wealth of individual case studies that highlight the kinds of results achieved (Ryan and Bourke, 2005; Pope and Warr, 2005)

To measure and improve the results of neighbourhood centre activities effectively requires the centres and the Government working together to establish key results indicators, data collection and analysis systems and longitudinal research capability, as well as the capacity to disseminate research findings as widely as possible and in a way that can be used by practitioners on the ground, so ongoing improvement in results can be achieved.

Despite the recognised challenges of researching the results of neighbourhood and community programs, there is an increasing body of research evidence from the UK, US and Australia, which has endeavoured to measure the impact of area based initiatives on outcomes for children, young people and families as well as the more indirect outcomes for communities. The report will review the evidence base for the immediate and key results that are delivered by community centres, and will draw from international and Australian empirical studies that demonstrate the ways in which neighbourhood centres impact directly and indirectly on the wellbeing of children, young people and families by providing a range of benefits to the community with very low unit costs.

1.3 Report Structure

Section 2 examines the type of social infrastructure that neighbourhood centres provide to communities in NSW. It describes the direct and indirect services offered by neighbourhood centres and the evidenced based framework they have adopted to measure the effectiveness of their goals and objectives. Section 3 discusses the strengths of the neighbourhood and community centre service delivery model in terms of the key results for children, families and communities. It outlines how social capital is important for achieving a variety of social and economic outcomes and reviews the available research evidence on the impact of neighbourhood centres on outcomes for children and families in communities. Section 4 examines the performance of neighbourhood centres and assesses their cost-effectiveness. Section 5 presents the main conclusions and recommendations from the report.

2 Neighbourhood centres and results

2.1 Social infrastructure provided by neighbourhood centres

Neighbourhood centres form a key element of the social infrastructure communities particularly areas with populations of low to medium socioeconomic background. The infrastructure provided by neighbourhood or community centres through the administrative structure, local knowledge and networks is a valuable community asset. It can be quickly mobilized, expanded and/or readjusted when there is a need to respond to local needs, emerging issues, or opportunities, due to the existing strong linkages with the local community and the flexibility and adaptability of existing operations.

The findings of a recent survey conducted by the LCSA indicate that information, referral and coordination of external services is a key function undertaken by most centres (93.6%) and that 66.4% of the centres host external services on their premises. This highlights the importance of the social infrastructure provided by the centres, which act as a hub for coordinating and supporting the provision of services in their communities.

Over 250 neighbourhood centres are spread across NSW, and are often the most prominent services in rural and remote areas, which may not be serviced well by the larger NGOs and have patchy Government services. 55% of the centres serve an area with population of less than 30,000 with 30% of the centres serving areas with population of less than 10,000. A lot of the centres are located in areas with populations of low to medium socioeconomic background, and provide services to some of the most socially isolated and difficult to engage clients.

In addition to government resources, those neighbourhood centres which have PBI (Public Benefit Interest) and therefore DGR (Deductible Gift Recipient) status can obtain funding from philanthropic organisations. Centres also undertake various fundraising activities to obtain support from local businesses and the community. They additionally provide a focal point for attracting and developing volunteers and rely on the contribution of volunteers to service delivery, which tends to be at highly significant levels. It would appear that the social infrastructure provided by the network of centres, their capacity to leverage limited funds through various fundraising activities and the contribution of volunteers, and their local knowledge and expertise would be a crucial foundation for the social and community services system.

2.2 Services provided by neighbourhood centres

Neighbourhood centres provide a diverse range of services, which vary from centre to centre, responding to the specific needs, priorities and circumstances of the local community. Services provided may include family support and parenting programs, child care, playgroups, out-of-school-hours care, youth development programs, adult education and life skills programs such as budget and money management skills, support groups for domestic violence victims, drug and alcohol abuse, and refugees, and information and referrals to other more appropriate services.

The LCSA survey referred to above has indicated that most centres provide information, referral and coordination services and undertake various community development activities and other services as in line with community needs as follows:

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- 93.6% provide information, referral and coordination of external services
 - 83.2% undertake various community development activities
 - 66.4% host external services on their premises
 - 65.6% undertake community events
 - 48% provide children's services such as supported playgroups, breakfast clubs, and homework clubs,
 - 41.6% provide emergency relief services
 - 39.2% provide multicultural programs
 - 39.2% provide family support programs
 - 38.4 % provide youth development programs
 - 36.8% provide prevocational education and adult learning programs
 - 34.4% provide living skills programs
 - 29.6% provide services for the aged
 - 20% provide services specifically engaging the Aboriginal communities.

An important characteristic of neighbourhood centres is that in addition to the direct services they provide, they also provide indirect benefits such as enhancing social networks and social capital.. Brown and Barnes (2001) categorise the support services provided by the neighbourhood centres as follows:

- Instrumental support – this refers to direct service provision
- Informational support – this refers to referral and advice;
- Affiliative support – this refers to a sense of commonality with other people who share a common interest or physical location;
- Emotional support – this refers to a sense of feeling valued and understood by others.

The importance and value of the indirect services that are provided by neighbourhood centres is increasingly understood as reflected by the greater emphasis being placed on social inclusion and building social capital across the world.

It is also well-known that neighbourhood centres provide a non-stigmatising, soft entry point into the service system (Yan and Lauer 2008; Brown & Barnes 2001). Riessman & Hallowitz (1967) have described the main role of neighbourhood centres as 'psychosocial first aid station' where 'centres provide the opportunity for anyone in the neighbourhood with whatever kind of problem or trouble to walk in and talk immediately to someone about his concerns and to get some degree of help'.

It is also worth noting that the services provided and the goals and objectives of neighbourhood centres are very much aligned with the following State Plan goals and priorities:

- Rights, Respect and Responsibility
- Keeping people safe

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- Priority R1: Reduced rates of crime
 - Priority R2: Reduced Re-offending

For example, through activities such as out-of-school hours care and youth development programs

- Building harmonious communities
- Priority R3: Reduced levels of antisocial behaviour
- Priority R4: Increased participation and integration in community activities

For example, through the social support infrastructure, information and referral systems, playgroups, parenting programs, community activities, and volunteering opportunities.

- Delivering Better Services
- Healthy communities

Priority S3: Improved health through reduced obesity, smoking, illicit drug use and risk drinking

For example, through information and referrals to appropriate services, and various support groups.

- Fairness and Opportunity
- Strengthening Aboriginal communities

Priority F1: Improved health, education and social outcomes for Aboriginal people

For example, through various family support and other social support programs, safe houses for domestic violence victims, and playgroups

Opportunity and support for the most vulnerable

Priority F2: Increased employment and community participation for people with disabilities

Priority F3: Improved outcomes in Mental Health

For example, by employing people with disabilities or providing volunteering opportunities, information and referrals to appropriate mental health services

Early intervention to tackle disadvantage

Priority F4: Embedding the principle of prevention and early intervention into Government Service delivery in NSW

Priority F5: Reduced avoidable hospital admissions

Priority F6: Increased proportion of children with skills for life and learning at school entry

Priority F7: Reduced rates of child abuse and neglect

For example, through family support and parenting programs, playgroups, childcare and out-of school-hours care, refugee programs, information and referrals and most importantly by providing a non-stigmatising entry point that enables early identification of problems and early intervention.

Growing Prosperity Across NSW

Stronger rural and regional economies

Priority P7: Better access to training in rural and regional NSW to support local economies

For example, through various Adult Education Programs, volunteering opportunities.

- Environment for the Living
- Improved urban environment

Priority E8: More people using parks, sporting and recreational facilities, and participating in the arts and cultural activity

For example, through various social and cultural activities such as craft fairs and multicultural festivals

The recent work by LCSA on developing the neighbourhood centres renewal strategy and on implementing a Results Based Accountability Approach will provide the opportunity to enhance the alignment of the activities of the neighbourhood centres with the State Plan and to better demonstrate the contribution of the results achieved by the centres to the results sought by the NSW Government.

2.3 The commitment of neighbourhood centres to results accountability

It is widely accepted that applying evidence-based frameworks in social policy presents significant challenges, due to the inherent complexities and uncertainties associated with social interactions and the unpredictability of people's reactions to interventions. Nevertheless, the LCSA has decided to take up the challenge and adopt an evidence-based framework for service delivery and develop the associated tools to assist its member neighbourhood centres to achieve better outcomes for the children, young people, families and communities they serve.

Most evidence-based approaches follow broadly a "decision support system" framework, which focuses on clearly identifying the results to be achieved; comparing different ways of achieving these results and their associated costs and benefits, so as to identify the best option(s) for society; and ongoing monitoring of the implementation of the selected option(s) to ensure intended results are being achieved.

RBA is such an approach. Its main elements are identifying the key result and the intermediate results that would lead to the achievement of the key result; selecting strategies that can achieve the intermediate and key results based on the best evidence on what works and is cost-effective; choosing measures which help quantify the achievement of these results; implementing the strategies and measuring progress; and

modifying the strategies in line with the analysis of the results obtained, as appropriate.

LCSA's interest in RBA commenced with its proactive engagement with the Department of Community Services' (DoCS) planning and funding processes in 2006. An entire issue of LOCAL, the newsletter of the LCSA, was devoted to the RBA Framework and the advantages for the neighbourhood centres of adopting the framework. After that, LCSA established a pilot project using 13 neighbourhood centres across NSW to investigate how to implement results accountability across centres and to develop a results framework for its members. Since then LCSA has been working very closely with Mark Friedman, the architect of the RBA approach, in refining their thinking and approach as well as disseminating information and resources on RBA to all neighbourhood centres.

When the key and intermediate results for the neighbourhood centres overall are agreed, the pilot services will undertake their individual service planning based on providing services that support clients to achieve these results. This will then become the basis for developing performance measures for their organisation. The pilot project will develop a range of results statements and performance measures that can be used as a starting point by the neighbourhood centres wanting to develop their own RBA framework. The widespread use of RBA across the centres will ensure that it becomes a solid platform for demonstrating the achievements of the sector.

The LCSA and Mark Friedman jointly edited the Autumn 2008 edition of the LCSA journal LOCAL. It provides an in-depth discussion of the issues faced in developing an RBA Framework for the neighbourhood centres and outlines a simplified format the centres can use. The LCSA document, *NSW Neighbourhood and Community Centres, Results Accountability Population and Performance Framework*, provides the key and intermediate results and performance measures that could be used by the centres wishing to adopt the Framework.

Based upon the work done so far, it would seem that the high-level results logic for the neighbourhood centres could be outlined as in Table 1:

Table 1 Neighbourhood and community centres: RBA framework

Key Result:	Children, young people, and families live in strong and inclusive communities and have access to critical resources they need.		
Key Measures	<p>Rate of children ready for school and doing well with and Basic Skills Tests (AEDI and BST results)</p> <p>Rate of young people involved in crime</p> <p>Rate of families reporting good family functioning (NSW Child Health Survey)</p> <p>Rate of people who would be sad to leave the neighbourhood (NSW Report on Adult Health)</p>		
1 st tier intermediate results	<ul style="list-style-type: none"> Children and young people are supported to fulfil their potential 	<ul style="list-style-type: none"> Families are safe, resilient and socially included 	<ul style="list-style-type: none"> Communities are strong
2 nd tier intermediate results	<ul style="list-style-type: none"> Children are born healthy and their basic needs are met Children and young people are free from abuse and neglect Children can access child care and early childhood education programs. Young people are supported and are ready for life transitions Services are evidence based and match patterns of demand 	<ul style="list-style-type: none"> Families can access confidential support services Vulnerable families are identified early and supported adequately Families are free of violence and addiction Families connected to the wider community and have life skills Families can access adult education programs to facilitate participation in society Services are evidence based and match patterns of demand 	<ul style="list-style-type: none"> The community values diversity, is inclusive and community members support each other Effective awareness and education campaigns on social issues are in place. Evidence based community development initiatives are in place Knowledge on effective community development initiatives is available. Services are evidence based and match patterns of demand.
Strategies	<ul style="list-style-type: none"> Parenting programs Playgroups Child care Youth development programs Information and referrals to appropriate services 	<ul style="list-style-type: none"> Child and family centres Family support and counselling programs Life skills programs (ie budgeting, organisational skills) Adult education 	<ul style="list-style-type: none"> Broad based participation in centre activities and governance Cultural activities, multicultural fairs, etc. Information/referrals to appropriate

	<ul style="list-style-type: none"> • Research awareness • Program reviews • Demand analysis 	<ul style="list-style-type: none"> programs • Information/referrals to appropriate services • Research awareness • Program reviews • Demand analysis 	<ul style="list-style-type: none"> services • Research awareness • Program reviews • Demand analysis
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As can be seen from Table 1, neighbourhood centres aim to significantly contribute to population results. This is done through direct results, by providing services directly to specific individuals, by providing information on other services available to them, referring people to services and advocating for them, and through adult education and volunteering pathways into employment. They also achieve indirect results, through their contribution to improved neighbourhood characteristics, enhanced social capital and greater social inclusion.

3 Population results

3.1 Results for children and families through direct services by neighbourhood centres

3.1.1 Nature of the service system and role of the neighbourhood centres in addressing market failures

In the child and family services sector, there has been a persistent gap between needs and supply and this gap has widened over the years because neither the amount nor the quality of the services has been able to match the rapidly growing demand for them. Furthermore, it is highly likely that the potential demand is significantly above the observed demand due to a number of reasons. Firstly, there would be a group of individuals who have never been in contact with the service system and therefore have never received the services they should. Secondly, there are those who receive only part of the services they need and thirdly, those who apply for but do not get services and get discouraged from seeking services.

The child and family services sector also demonstrates a number of “market failures” where competitive markets fail to produce the socially optimal level of services without Government intervention. A key market failure pertains to the public good nature of the services and the significant positive externalities attached to them. In such cases, the total benefits to society from the services are greater than the benefits to the person receiving the services, and as such, greater level of investment by society in these services is required. Most of the services provided by neighbourhood centres have significant positive externalities associated with them. It is well documented in the literature that parenting programs, child care, out of school hours care, youth development programs, and skills development programs have significant spillover benefits for society. Thus, economic theory would lead us to expect that without Government action the market supply of child and family services would be below the socially optimal level.

In economics, another well-known form of market failure is “information failure”. This can be due to both imperfect information and “asymmetric information”. Research and information on effectiveness of services is still evolving in the child and family services sector, and it is generally acknowledged that there is a need for more research and evaluation of the services. The sector also faces significant information asymmetries. This happens when consumers and producers in a market do not have the same information. Neighbourhood centres help address information failures by increasing the awareness and understanding of the community members of the available services and their appropriateness for their needs.

3.1.2 Importance of early childhood and adolescence for interventions

This section reviews the empirical evidence which demonstrates how neighbourhood centres contribute to outcomes for individuals and communities through direct interventions. There is now a growing body of research and reports that translate research findings on the results achieved through cost-effective child and adolescent development programs. A landmark study by Shonkoff and Phillips (2000) concluded that nearly all aspects of early human development are shaped by a child’s experiences in its early years. A recent report from the US, *A Science-Based Framework for Early Childhood Policy: Using Evidence to Improve Outcomes in*

Learning, Behavior, and Health for Vulnerable Children, by the Center on the Developing Child at Harvard University (2007) integrates advances in neuroscience, developmental psychology, and program evaluation to develop a unified framework to provide evidence-based guidance for developing services.

The key messages from the research are that the interaction of genes and experience shapes the architecture of the developing brain and the child's lifelong responses to its environment. Interventions early in the child's development and matched to the problems the child is experiencing can prevent the disruption of brain architecture and lay a strong foundation for all future learning and responsible behaviour. After early childhood, another stage in human development that displays rapid and life shaping change is adolescence. As the work of Steinberg (2008) demonstrates, adolescence is a significant formative period where neurobiological changes are reflected in cognitive, emotional, and ethical development of the adolescent. This is also a period where adolescents are seeking independence from adults while they still continue to depend on them. Thus, both parents and adolescents find this period difficult and providing support to parents is a significant component of investing in children and young people.

3.1.3 Cost-effectiveness of direct services

There is also a wide range of literature that examines the costs and benefits of early childhood and youth development programs and demonstrates that quality early childhood education, home visiting, parenting, outside-of-school hours care and youth development programs for low income and at risk children, young people and families are highly cost-effective. Numerous cost-benefit analyses, meta-analyses and longitudinal studies, including those by the Nobel Laureate economist James Heckman (2006), Karoly (1998) Karoly et al (2005, 2001), Aos et al, (2004, 2001), Lee et al (2008) Small et al (2005), Roth et al. (1998), Goldschmidt and Huang (2007), the well known cost-benefit analysis of the High/Scope Perry Preschool Study by Schweinhart and his colleagues, (Schweinhart et al, 2004), (which indicated a saving of \$17 for every Dollar spent by the time the participants reached age 40), the work by Reynolds (2000) on the Chicago Child-Parent Center program and a review of early intervention programs and their applicability in the Australian context by Watson et al. (2005) all highlight the value of investing in such interventions. Although not all interventions were cost-effective (Aos et al 2004), many of these programs were able to provide considerable cost benefits.

The key findings from the analysis of the costs and benefits of effective programs seems to indicate that the most cost-effective programs reflect child and adolescent development issues in their design and that preventive and positive developmental programs are much more cost-effective. While the programs in operation in the various neighbourhood centres may not be employing precisely the same design features associated with the best practice programs identified in the literature, they nevertheless employ a preventive and positive developmental approach, which characterizes cost-effective programs, as embodied in their philosophy and overall approach to service provision. Clearly, it is crucial that the neighbourhood centres have the capacity to use evidence-based approaches and continuously adapt and improve their services in line with the research evidence.

Research on Family and Youth Centres

More specific research on family and youth centres provides another source of evidence to show outcomes for individuals and families participating in centre based programs. Results from a systematic review of empirical research on UK family centres (Warren-Adamson, 2006) reported an overall lack of experimental research which documents outcomes for families and children participating in family centres, compared to children and families not receiving the service. An exception to this was a study by Pithouse and Lindsell (1996) who compared outcomes for families receiving support from family centres compared to families receiving services from field social work. The results showed that those families who attended the family centre reported that they were more likely to improve family functioning and to reduce their involvement with child protection services than those who received a field social work service only (Pithouse and Lindsell 1996 quoted by Warren-Adamson 2006: 178).

Sabatelli et al (2007) studied the impact of youth participation in the neighbourhood programs of 12 inner-city Neighborhood Youth Centers operating within Connecticut. They examined the degree of social support the youth perceived to be available to them by the staff at the centres, the youth's abilities to make responsible choices and their self-reported levels of anxiety and well-being. They report that there were several consistent changes in youth outcomes in the areas of achievement orientation, emotion regulation and attitudes toward school over time as a result of their participation in the centres.

In a meta-analysis of family support programs in the USA, Layzer, et al (2001) found small positive impacts in terms of children's cognitive, social and emotional development and in terms of parental attitudes and knowledge, parental behaviour and overall family functioning. They also reported significant positive impacts in relation to children's health, development and safety as well as parental mental health (or risk behaviours) and economic self-sufficiency for families. The small economic effects included indicators such as educational progress and achievement, job training, employment and income.

Research on Community level interventions

There have been a number of recent evaluations of community based early intervention and prevention programs aimed at families of children in their early years. These have shown promising results for children and families. The most important example in Australia is the evaluation of the Australian Government's 'Communities for children' initiative, which is part of the *Stronger Families and Communities Strategy*. This is a national initiative providing prevention and early intervention programs to children and families in 45 disadvantaged communities across Australia. In their national evaluation of the *Stronger Families and Communities Strategy*, Muir et al. (2009) found a range of positive outcomes for children, families and communities in the 'Communities for Children' areas compared to those living in five similar sites which did not receive the intervention. Positive outcomes in the parenting domain included fewer hostile and harsh parenting practices and higher levels of parenting self-efficacy compared to parents in the 'contrast' areas (2009). Other positive indicators found in the study included:

Children were more likely to be living in households where at least one parent was employed compared to children living in non-targeted areas

Families and children were *more likely to be participating in community service activities* compared to families and children living in the contrast areas

Low-income families reported *higher levels of community social cohesion* than other low income families who were not involved in the intervention. (2009)

It should be noted that these benefits were accrued to all children in the intervention communities, not just children who had come into direct contact with the intervention. The authors also conclude that it is the combination of increased funding, efforts to 'join up' service provision and building social capital which has been the key to these successful outcomes.

Another ground breaking intervention, the Pathways to Prevention program was established in Inala in Queensland by Ross Homel and his colleagues together with Mission Australia. The Pathways to Prevention project began in 2001 with the aim of involving family, school and community in a broad set of planned interventions to prevent anti-social behaviour among this group. The program targeted four to six year old children who were in transition to school focusing on enhancing their communication and social skills and empowering their families, schools and ethnic communities to provide supportive environments for positive development. The early results from this study are promising, particularly in that boys improved significantly in terms of being ready for school with reductions in difficult behaviour. (Homel et al, 2006).

Evaluations of similar initiatives in the US and UK have also reported significant benefits for children and families. The most important of these evaluations has been of the Sure Start Local Programmes (SSLPs) in the UK, which has to date been the most comprehensive area based early intervention initiative internationally. Sure Start Local Programmes were established in 500 deprived neighbourhoods throughout the UK. Outcomes for children and parents in those neighbourhoods were compared with those in 250 other similar neighbourhoods which did not receive the intervention at three and five years after Sure Start had been implemented. Although the early findings were not promising (NESS, 2005), results at five years after implementation demonstrated significant benefits for families in the SSLP areas as opposed to those in the contrast areas on a range of outcome measures for parenting and child development (Melhuish et al, 2008). This indicates that longer term investments in community programs is likely to be more effective (and cost effective) than short term, one off interventions.

In the USA, Early Head Start, a federal program begun in 1995 for low-income pregnant women and families with infants and toddlers, was evaluated by John Love and colleagues through a randomized trial of 3,001 families in 17 areas. Interviews with primary caregivers, child assessments, and observations of parent-child interactions were completed when children were 3 years old. The findings showed that 3-year-olds in the program performed better than did control children in cognitive and language development, displayed higher emotional engagement of the parent and sustained attention with play objects, and were lower in aggressive behaviour. Compared with controls, Early Head Start parents were more emotionally supportive,

provided more language and learning stimulation, read to their children more, and spanked less. The strongest and most numerous impacts were for programs that offered a mix of home-visiting and centre-based services and that fully implemented the performance standards early. (Love et al, 2002; 2005).

Many of these early intervention strategies, such as ‘Communities for children’, have not only reported significant positive outcomes for children and families but have shown to be delivered for relatively low cost (see Muir 2009). Gaunlett et al (2000) undertook a meta-analysis of the cost-effectiveness of early intervention and prevention programs. They found that community based programs were not only shown to be cost effective but also had the advantage of building resilience to address disadvantage in ways that individual initiatives did not (2000: 54). Authors such as Barnes et al (2006: 102) have made the point that an attractive feature of neighbourhood level interventions is that they can demonstrate both effectiveness and efficiency because they adopt a bottom up approach to identify local problems and solutions (Barnes et al. 2006: 102).

In summary there are emerging a number of rigorous evaluations of high quality intervention programs which deliver the sorts of services provided by neighbourhood centres and engage in joining up services and building social capital. The emerging evidence base has documented a wide range of positive outcomes for children, young people and families participating in these intervention programs as well as spillover effects into the community as a whole.

3.1.4 Results from information and referral services

Through their information and referral services, neighbourhood centres reduce transaction costs in the child and family services system. Transaction costs are defined as costs other than the costs of the good or service that are incurred in trading goods or services and they include search and information costs, bargaining and decision costs, and monitoring and enforcement costs. The information and referral services include identification of the ways in they can better inform the individual in concern, identification of other individuals or organisations that might help, and investigating what partnerships might be possible, necessary and beneficial and how adequate resources might be harnessed. They also include making their clients feel comfortable about accessing those services without feeling stigmatised. Consequently, they reduce search, information, negotiation and decision-making costs for their clients, some of which, especially the ones who need the services the most, face very high transaction costs. As such, these services provide an indispensable and practical foundation for effective program delivery in the child, family and community services sector and significantly improve the allocation of resources across the sector.

An important issue that leads to an imperfect system of allocation of community services is that low resource groups cannot successfully engage with the system in securing the services they need. This is partly due to the prejudice and stigmatization in society against people who use such services, with some groups being more stigmatised than others. It is also well-known that targeted social services create more stigmatisation than universal social services. Situations where people are required to supply potentially objectionable and distasteful information about themselves and contribute to the reinforcement of a negative impression of themselves increase their feeling of powerlessness, and create a tendency to avoid services. As a consequence

people who need the services most have a greater tendency to avoid services, which results in their needs escalating. The non-stigmatising nature of neighbourhood centres means that they provide an effective prevention and early intervention service by engaging those groups of children and families who are widely acknowledged to be very difficult to engage by the more targeted services (Yan and Lauer 2008; Brown & Barnes 2001).

Alberto Bacchiega and Carlo Borzaga (2002) provide an in-depth discussion of the information failures and other aspects of the economics of the third sector. They highlight the problem of non-verifiability of child and family services, which is a general characteristic of services with a high relational component. For such services some aspects such as unit cost or number of clients served are easily verifiable, but others such as the relationship building effort made by the workers, which may change the whole nature and results from the service, are less so. They argue that this characteristic may give rise to various types of information asymmetries. In addition to the informational advantage of producers over consumers concerning the service provided, they also highlight the information advantage possessed by consumers with regard to their willingness to pay for the services that they desire and the associated 'free-rider' problem, the incompleteness of labour contracts and the particularly difficult problem of effort monitoring in social services. They point out that some authors have shown that co-operatives and other similar third sector organizations may help overcome the free-rider problem and that a third sector organisation employing workers and managers interested in the service provided and establishing with them fiduciary relationships may be able to cope efficiently with the incomplete labour contracts problem, reducing the costs of delivery.

In a study of family centres in England, Tunstill et al (2007) surveyed 559 such centres, (of whom 415 responded) and undertook intensive studies of 40 of these centres. They found that these centres provided a gateway for families to a range of universal and specialist services which they otherwise would not have been able to access. In a mid-course review of the Chicago Community Trust's Children, Youth and Families Initiative, Costello et al (1998) reported that the initiative not only increased participation in direct services but also fostered collaboration among different service providers providing a basis for a more integrated approach to service delivery (Costello 1998: 2). Even though staff reported that collaborating with other agencies took time and effort the significant benefits made it worthwhile. For example, collaboration enabled resources to be pooled, assisted children and families to access the services they needed, encouraged capacity building, and greatly facilitated the development of relationships among different organisations (Costello 1998).

In an evaluation of the neighbourhood and family initiative in the US, Chaskin et al (2000) discussed the role of a staff initiated referral service which was set up in Detroit with the aim of directly assisting or connecting people to specialist services in their area. The researchers found that during the period September 1998 and January 1999, around 400 calls were made to the service and of these about 300 callers were either directly assisted or referred on to other services (including emergency assistance with utility bills, housing and medical services) (Chaskin et al. 2000).

Overall, there is an emerging body of theoretical analysis and empirical evidence which has started to document how neighbourhood centres are contributing a range of indirect support services to the local communities they work with by providing access to information and referral services.

3.1.5 Results through volunteering

Another important role of neighbourhood centres is that they provide a focal point for volunteering activities. The Commonwealth and NSW Government policies have placed particular emphasis on harnessing and encouraging volunteer participation as a means for developing social capital. A range of programs celebrating and strengthening the role of volunteering in local communities are part of the Commonwealth funded Stronger Families and Communities Strategy. Increasing the proportion of the total community involved in volunteering, group sporting and recreational activity, or group cultural and artistic activity by 10% is a target under Priority R4 (Increased participation and integration in community activities) of the NSW State Plan, which means 36.7% of the NSW population will need to be volunteering in 2016.

This emphasis on volunteer participation recognises both the significant economic value of the services provided by volunteers and the contribution they make to social capital and social cohesion. Another key economic benefit of volunteering, in addition to the economic value of the unpaid services provided, is the pathways it presents into paid employment. Volunteering frequently involves training and the development of new skills that are valuable in the market place. Most volunteers then proceed to paid employment in the organisations they have volunteered for or in other area where their skills and experience are valued.

Volunteering also leads to improved health outcomes such as reduced mortality and morbidity by avoiding social isolation and loneliness (Berkman 2003; Syme 2003) and consequently, lower health costs for society.

The individual rewards gained by volunteering in neighbourhood centres have been documented in a Canadian study of volunteering in family resource centres which support families and children living in disadvantaged neighbourhoods. The volunteers interviewed for the study identified considerable personal benefits they received through their involvement in family resource centres (Neysmith and Reitsma-Street 2000). An important part of this study was that it examined both economic and non-economic benefits of volunteering. In the five centres included in the study, a total of 312,498.9 volunteer hours were recorded over three years within the five centres. The researchers calculated that in dollar terms volunteers contributed over \$260,000 per centre where the total budget for each centre was on average around \$500,000 per centre (Neysmith and Reitsma-Street 2000: 335).

Volunteering activities raise the awareness of volunteers regarding social issues and can mobilise community members for community building actions (Ife 2002; Taylor 2003). Volunteering is found to be closely correlated with high levels of civic engagement (Zappala and Burrell 2001; Wilkinson and Bittman, 2003) and plays an important role in strengthening social capital, which is another important avenue through which neighbourhood centres contribute to better results for children and families, as discussed below.

3.2 Results for children and families through social capital

3.2.1 Definition and types of social capital

The OECD definition for social capital is that social capital comprises the networks, together with shared norms, values and understandings which facilitate cooperation within or among groups. While human capital is related to the capacities of individuals established through knowledge, skills and competencies, social capital is relational and arises from the myriad of everyday interactions between people (OECD 2001). Similarly, according to the World Bank, social capital refers to the norms and networks that enable collective action. It refers to the institutions, relationships and norms that shape the quality and quantity of a society's social interactions.¹

The Productivity Commission's review of the relevant literature (2003) identifies that social capital tends to be regarded as constituted of three main components:

Social norms – the informal rules that govern people's behaviour in society. Norms can be generalised norms such as tolerance, honesty and reciprocity or can be specific to certain situations, such as behaviour at work.

Trust – the level of confidence people have that others in the community will act as they say or believe that what they say is reliable.

Social networks – interconnected groups of people who have common attributes, such as families, school friends, sports clubs, professional societies, or other civic and religious networks.

Thus, in combination, norms, trust and networks constitute social capital. Shared social norms such as tolerance and reciprocity enable those in a community to more easily communicate, cooperate and to make sense of common experiences. Trust has a very important role in supporting efficient interactions and reducing social and business "transaction" costs.

There are also different types of social capital. The literature generally identifies these as bonding capital, bridging capital and linking capital (Putnam 1993; Woolcock 2000; Healy and Hampshire 2002; ABS 2004).

Bonding capital, which connects individuals with those like themselves through informal social connections and typically refers to the relations among members of families neighbours close friends and ethnic groups.

Bridging capital, which connects individuals with those unlike themselves, who maybe from a different socio-economic status, from a different generation or a different ethnic group, often through formal networks based on common interest e.g. work or education, sport, church or voluntary associations.

Linking capital, which enables individuals to have relationships with people in positions of power such as members of parliament, senior government officials and

¹ <http://www.worldbank.org/poverty/scapital/>

senior executives of business and philanthropic organizations and draw upon resources, ideas and information from outside their local context.

The ABS (2004) stresses that these different forms of social capital are not mutually exclusive. However, different forms of social capital may have greater relevance in different contexts. For example, in early childhood bonding social capital is crucial for development and mental health, but during working life bridging social capital is more important for employment opportunities. Also, the balance between bonding, bridging and linking capital is important, otherwise social fragmentation may occur. A community that is strongly bonded but that has low trust for people outside their own community may discriminate against or exclude outsiders. This is sometimes referred to as the downside of social capital.

3.2.2 The role of social capital in economic development and productivity

The potential for social capital and community cohesion to improve results in a wide range of areas of social interest such as health, crime and delinquency, and education and employment has attracted the interest of researchers, policy analysts and decision-makers around the world.

International organisations such as the OECD and the World Bank (OECD, 2001; Woolcock, 2001; Woolcock and Narayan, 2000), the United Kingdom Cabinet Office (Aldridge, Halpern and Fitzpatrick, 2002) and ABS in Australia (ABS, 2004), amongst others, have extensively studied social capital, examining the different forms of social capital and their impacts on social outcomes.

The concept of social capital has now become firmly a part of economic analysis. Social capital is viewed by economists as having benefits for the economy overall, specifically through its potential to decrease transaction costs and unproductive activity by engendering cooperative behaviour and trust and through its impacts on the distribution of resources. The Organisation for Economic Cooperation and Development (OECD), in its publication *The Well-being of Nations: The Role of Human and Social Capital* (2001) finds that costs associated with negotiation, enforcement, imperfect information and unnecessary bureaucracy are likely to be lower as a result of cooperation and trust embodied in inter-firm or intra-firm networks. The OECD also finds social capital can enhance the labour market outcomes of individuals and that countries with higher social capital tend to be more equal in terms of income, adult literacy and access to further learning. Furthermore, high social capital seems to be connected to improved rates of mortality, better health and happiness, and reduced or lower crime, which are all features underpinning the more productive economies (See Section 3.2)

The various elements of the concept of social capital have been discussed, albeit under different names for a long time in the institutional economics literature. The Nobel laureate Douglass North (1990) argued that formal and informal institutions, such as the legal structures and normative “rules of the game” were crucial to understanding economic performance. The ground-breaking analyses of Elinor Ostrom (1990) on the impact of social relations on preservation of the “commons”, that is common property natural resources; Gary Becker (1993) on the importance of family relations on human capital accumulation; Joseph Stiglitz (1998) on incomplete information; of Amartya Sen (1999) on capacity building and human development;

and Mancur Olson (2000) on institutional rigidities have all contributed to developing the underpinnings of the concept and theory of social capital.

In the landmark study concerning social capital and governance, Robert Putnam (1993) examined the linkages between regional differences in the performance of public institutions and variations in their stock of social capital in Italy between 1970 and 1989.. Putnam observed marked differences in efficacy and performance amongst regional governments in Italy and examined the reasons for these differences. While some regions of Italy, such as the north and centre of Italy, had vibrant networks and norms of civic engagement, others, such as the southern regions of Italy, were characterized weaker civic engagement, fragmented and isolated social lives, and a culture of distrust. Putnam found that the networks and norms of civic engagement had a strong effect on the performance of regional governments. He demonstrated that the density and scope of local civic associations laid the foundations for the widespread dissemination of information and social trust, which created the conditions underpinning effective governance and economic development. Later, in his book *Bowling Alone* (2000), Putnam also examined trends in a wide range of social indicators in the United States and discussed the benefits of social capital.

Francis Fukuyama (1995) extended Putnam's original analysis from cross-regional to cross-national comparisons. He highlights the culture of trust as the source of spontaneous sociability that allows enterprises to grow beyond family into professionally managed organisations. He argues that the associations of production and exchange underpinning modern economies require trust to be widely distributed in society. Societies endowed with broad-based trust enjoy a form of "social capital" that contributes at least as much to their success in modern economic competition as the other traditional factor endowments as physical capital, natural resources and human capital.

Knack and Keefer (1997) found a significant positive association between trust and civic norms and economic growth among 29 market economies. They find that a one-standard deviation increase in a survey-based measure of country-level trust increases economic growth by more than half a standard deviation. Easterly and Levine (1997) have highlighted ethnic divisions and inequality as sources of slower growth through their effects on trust, social cohesion, economic policy-making, and violent conflict. Further evidence of the impact of social capital on development emerge from studies are compiled in Isham et al. (2002).

Grootaert (1999) empirically estimated how social capital affects household welfare and poverty in Indonesia. He measured social capital along six dimensions: density of the possible memberships, internal heterogeneity of associations (by age, gender, education, religion, and so on), meeting attendance, active participation in decision-making, payment of dues, and community orientation. His analysis suggests that households with higher social capital spend more per capita, have more assets, more savings, and better access to credit. The strongest effects come from:

- Number of memberships. Each additional membership (an average 20 percent increase) raises per capita household spending 1.5 percent.
- Internal heterogeneity. An increase of 20 percent in the heterogeneity index correlates with 3.3 percent more spending

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- Active participation in decision-making. An increase of 20 percent in the participation index correlates with 3.2 percent more spending.

Grootaert (1999) conducted additional analysis to address the endogeneity of the social capital variable and to demonstrate that the causality runs from social capital to household welfare.

Guiso et al. (2002) used microeconomic data on households and firms and the well-known differences in social capital and trust across different regions of Italy to study the impact of social capital on financial structures. Controlling for a large set of household characteristics and other environmental variables such as the quality of legal enforcement and GDP per capita, they found that in areas of the country with high social trust, people invest less in cash and more in stocks, use more checks, have greater access to institutional credit, and make less use of informal credit. In these areas, firms also have more access to credit and are more likely to have multiple shareholders.

Whiteley (2000) examined the relationship between social capital and economic growth in a sample of thirty-four countries over the period 1970 to 1992, within the framework of a modified neo-classical model of economic growth. The findings suggest that social capital has an impact on growth which is at least as strong as that of human capital or education, which has been the focus of much of the recent work on endogenous growth theory. Social capital appears to have about the same impact on growth as catch-up or the ability of poorer nations to adopt technological innovations pioneered by their richer counterparts.

Sjoerd Beugelsdijk and Ton van Schaik (2005) have undertaken a very robust study of a cross section of 54 European regions to investigate whether regional differences in economic growth are related to social capital, in the form of generalized trust and associational activity. While they don't find that on a regional level, growth is related to trust, they demonstrate that growth differentials in European regions are positively related to social capital measured as associational activity. Their analysis also suggests that growth is not so much related to passive group membership but active involvement in these networks through voluntary work.

Miguel (2003), Moguees and Carter (2005), Rupasingha et al. (2006) have also studied the relationship between the stock of social capital and its relation to economic development, especially, low crime rates and reduction of other social problems.

In a somewhat different vein, Partha Dasgupta (2005) adopts a tight definition of social capital – namely, interpersonal networks, and studies the links between the microfoundations of social capital and the macroeconomic performance of economies. He examines the various contexts in which the promises people make to one another are credible and then suggests that the accumulation of social capital is a possible route to creating such a context. He also shows that economic theory not only identifies circumstances in which communitarian institutions can function well, but that there is also a dark side, namely, their capacity to permit one group to exploit another within long-term relationships and networks, and concludes that determining the right interplay between interpersonal networks and the impersonal public institutions remains the central problem of the social sciences.

In a recent paper that provides a significant addition to the conceptual literature on social capital and economic growth, Yuan K. Chou (2005) proposes three separate models of social capital and growth for each of the three forms of social capital, that is bonding, bridging and linking social capital. In these models, social capital impacts growth by assisting in the accumulation of human capital, by affecting financial development through its effects on collective trust and social norms, and by facilitating networking between firms that result in the creation and diffusion of business and technological innovations.

In the first model, micro-level bonding social capital impacts growth by assisting in the accumulation of human capital. Building social capital in this model corresponds in the real world to parents taking time off from work or staying at home with their children, and involving themselves in parent teacher associations. In the second model, bridging social capital impacts growth by affecting financial development through its effects on collective trust and social norms. Social capital accumulation in this model corresponds to participation in community clubs or engagement in other forms of associational activities. In the third model, linking social capital arises from the networking and collaborative activities of firms, which then results in the efficient creation and diffusion of business and technological innovations. In each of these models, Chou examines the optimal steady-state allocation of human resources to the creation and maintenance of social capital and demonstrates that the positive externalities associated with social capital creation may be internalised by a tax and subsidy scheme. The scheme would consist of a wage tax on the final goods sector where the tax receipts are used to reward individuals for time spent engaging in activities that build social capital.

Soumyananda Dinda, (2008) studies the formation of social capital through development of human capital that is created from productive consumption by setting up a one-sector growth model, where the engine of growth is capital accumulation. The optimal growth rate of consumption is derived and it is shown that both human capital and social capital accumulation affect the equilibrium growth rate.

Clearly, trust, networks and social capital as a whole is an important element of economic development and productivity. As the world economy becomes more and more knowledge-based, the importance of the smooth flow of information and knowledge through formal and informal networks, norms of behaviour and trust can only increase.

3.2.3 Social capital and results for children and families

There is a wide range of literature that provides empirical evidence on the contribution of social capital to positive results for children, families and communities. Some of the more recent and salient ones are summarised in this section.

Economic benefits for the individual: social capital can enhance people's labour market outcomes in that people who are socially connected are more likely to be employed, earn higher salaries, and are promoted faster. (OECD 2001, Aguilera 2002, Fernandez, Castilla and Moore 2000) In Australia, Stone, Gray and Hughes (2003) have also found that social capital plays a role in determining labour force status.

Economic benefits for the society: the economic benefits of social capital for society as a whole have been widely studied and demonstrated as can be observed from the studies summarized in section 3.2

Additional studies on the impact of social capital on reducing transaction costs and improving diffusion of knowledge and innovations through higher levels of trust include Baum (1997); MacGillivray and Walker (2000) and Productivity Commission (2003).

Social capital can also lead to more equitable income distributions and higher levels of adult literacy and access to further learning (OECD 2001).

Health benefits: Higher levels of social capital has been linked with better health outcomes such as improved rates of mortality, lower levels of heart disease, longer lives, and lower levels of mental health problems such as depression (Kawachi, Kennedy and Glass 1999, Kawachi and Berkman 2000, OECD 2001, Berkman 2003, Stanley 2003, Syme 2003). Another interesting finding is that the health of societies is related to the level of income inequality in a society (Keating and Hertzmann, 1999). This is termed the socioeconomic gradient for health outcomes by Keating and Hertzmann. Thus, social capital will lead to better health outcomes also through its effect on greater income equality.

People who have poor networks are between two and five times more likely to die, compared with matched individuals (same income, education etc) who have high quality family and social networks (Berkman and Glass, 2000). Joining a community group (if at present you belong to none) reduces your risk of dying in the next year by about the same amount as giving up smoking (and might be easier to do), but visiting friends or talking with them on the phone would be equally good (Berkman and Syme, 1979; House, Robbins and Metzner, 1982; Blazer, 1982; Orth-Gomer and Johnson, 1987; Welin et al, 1985). People with rich social ties are even less likely to catch colds (Cohen et al, 1997).

Good social networks are particularly important for the health of older people (Seeman, 1996), but the benefits to children's health are also clear. In the US poverty is, as one would expect, the best predictor of low birth weight and of childhood morbidity and mortality, but social capital appears to be the second most important factor in analyses in which other variables implicated in ill-health (including, of course, poverty) are controlled for (Pebley and Sastry, 2003; Putnam, 2000).

Researchers have also shown that health status is related also to levels of education and literacy, and especially to maternal education, which affects life expectancy at birth and the health of newborns. (Jayachandran and Lleras-Muney, 2008). Insofar as social capital leads to better educational outcomes, it will also lead to better health outcomes.

Bush and Baum (2001) report results of the Adelaide Health Development and Social Capital Project that explored social capital, community participation and health in the western suburbs of Adelaide. Data were collected in four ways: from 2542 respondents to a random sample mail survey; from in-depth interviews with 40 people from the survey; from a survey of 239 community groups and organisations; and from 25 case studies of the community groups. The authors were particularly interested in

the relationship between health (the presumed outcome variable) and participation in both ordinary social activities and in civic and political activities. Their main finding was that, controlling for age and socio-economic status, social participation had a strong link with health, but civic participation did not.

Wellbeing and happiness benefits: The psychology and sociology literature and more recently, economic literature provide substantial evidence that social relationships foster happiness for the individual. It has been demonstrated that key aspects of social capital - such as trust and membership in voluntary associations - contribute greatly to higher individual well-being (Putnam, 2000; Helliwell, 2003, 2006) and that individuals with rich networks of active social relationships tend to be happier with their lives (Phillips, 1967; Burt, 1987).

In a highly original paper, Powdthavee (2008) attempts to assess the size, and to put a financial value upon, the satisfaction obtained through positive changes in people's social networks. He uses the British Household Panel Survey (BHPS) and shadow pricing to estimate the monetary values of the satisfaction with life gained by an increase in the frequency of interaction with friends, relatives, and neighbours.

He finds that an increase in the level of social involvements from "seeing friends or relatives less than once a month" to "seeing friends or relatives on most days" is worth up to an extra £85,000 a year in terms of life satisfaction. While this figure only applies to the 1% of the total representative British sample, an increase from "seeing friends and relatives once or twice a week" to "seeing friends and relatives on most days" that applies to around 20% of the sample is still worth around £15,500 a year. Clearly Neighbourhood centres are creating a lot of value through the strong social networks they establish.

Education benefits: Coleman and his colleagues demonstrated differences in achievement between the public and Catholic schools (Coleman 1988). Putnam (2000) found that social capital was an indicator of educational performance in children in the United States.

Child welfare benefits: The Productivity Commission (2003) highlights positive links between indicators of social capital and other aspects of child welfare, including child abuse rates and youth depression.

Crime and violence reduction benefits: Higher levels of social capital lead to reduced or lower levels of crime (Productivity Commission 2003, OECD 2001, Putnam 2000, Sampson et al, 1997) Especially with young people, it is well documented that offending behaviour is at its worst during adolescence as the bonds with parents and families weaken but before the young person has new bonds to a family, workplace and neighbourhood of their own (Smith, 1995).

Modern criminology acknowledges that neighbours being concerned for each other and informing on suspected criminals is critical to successful apprehension of criminals (Moore, 1978). Such neighbours are mainly found in areas with high overall levels of social capital. A particularly effective approach in the US has been to stimulate social capital and good relations with the community to improve both crime prevention and arrest rates (Sparrow, Moore and Kennedy, 1990, Sparrow, 1988).

Improved effectiveness of institutions of government: Putnam (1993) has shown that regions with higher levels of trust and civic engagement tend to have better quality government. Similar results have been demonstrated in Germany (Cusack, 1999), Hungary (Schafft and Brown, 2000) and Russia (Petro, 2001).

3.3 Contribution of Neighbourhood centres to social capital

This section reviews the empirical evidence that demonstrates how neighbourhood centres contribute to increasing community social capital. Much of the research evidence about neighbourhood centres in NSW has focused on their effectiveness at promoting community social capital in its various forms (see for example Onyx 2002; Ryan & Bourke 2005). Researchers such as Jenny Onyx have described the social capital role of small community organisations (see Onyx 2002a: 40-43). Ryan and Bourke (2005) have described the social capital role of neighbourhood centres. In Victoria, the Department for Victorian Communities locates the role of neighbourhood houses and learning centres within its Building Stronger Communities initiative² For example, a recent report by the Victorian government (Department for Victorian Communities, 2007), argues that neighbourhood houses are central to supporting local communities:

‘The magnitude of community participation in the houses makes them significant sites of community engagement, involving a wide range of people, particularly those who may otherwise be excluded. The scale of the training activities the houses provide means they offer considerable potential for capacity building in local communities’ (Department for Victorian Communities 2007: 4).

In Victoria, there have been a few research studies undertaken on neighbourhood houses. For example, in 2006, research was undertaken by the Department for Victorian Communities on the use of neighbourhood centres. The aim of the study was to find out how many people participated in neighbourhood centres in Victoria. Out of 336 neighbourhood centres 320 responded to the census. Each neighbourhood centre was asked to record over a 1 week period how many people visited the centre or called for information or advice and the results were used as the basis to calculate annual estimates (Department for Victorian Communities 2007: 2). Based on these calculations the Department for Victorian Communities made the following projections about annual participation by Victorians in neighbourhood centres:

- Three million participants in organised activities such as classes
- Around 1 million informal visits for support, referral and use of computers and clerical/office services
- Around 1 million phone calls or email inquiries
- About quarter of a million volunteer visits (Department for Victorian Communities 2007: 2)

²

<http://www.dvc.vic.gov.au/web14/dvc/dvcmain.nsf/headingpagesdisplay/right+navigationcommunity+organisations>

These projections show that neighbourhood centres provide an access point for large numbers of community members to make enquiries over the phone or email, seek advice in person, participate in formal classes or volunteer their time.

Another study examined the social outcomes for people involved in neighbourhood houses in Victoria. The study was based on findings from six focus groups, which included 53 people, who used neighbourhood houses (Pope and Warr 2005: 2). The results showed positive social outcomes for individual participants across a range of indicators including making new friends, respite from existing relationships, skill development, transition from school to work and education. The study also identified benefits for communities across several social indicators such as fostering a sense of belonging, acceptance of tolerance, encouraging participants to give back to the community through volunteering and also building participants' confidence and skill which enabled them to become more engaged in their communities (Pope and Warr 2005: 9-10). Additionally, through a series of case studies, Humpage (2005) discusses individual and community level benefits that can be derived from neighbourhood centre programs.

While few empirical studies have been conducted in the Australian context, international research findings have reported more extensively on the social capital outcomes delivered by neighbourhood centres. The Australian and international literature indicates that neighbourhood centres contribute to community cohesion and social capital in the following ways:

- Promoting supportive relationships (e.g mentoring)
- Building local networks
- Building trust in communities and
- Providing pathways to volunteering

Promoting supportive relationships: Although there is little Australian research in this area, an emerging theme from the international empirical research is that neighbourhood centres play an important role in promoting supportive relationships. For example, researchers from the Chapin Hall Research Institute undertook a study of neighbourhood and settlement centres. The study aimed to examine how neighbourhood centre programs promoted neighbour-to-neighbour relationships. The researchers selected 10 programs as case study profiles that provided an in-depth examination of neighbourhood centre programs. Eligible programs included teenage mentoring and peer support counselling programs, tenant and block club organising (which is similar to neighbourhood watch), and neighbourhood art projects (Brown and Barnes 2001). The study found that getting involved in a neighbour-to-neighbour program provided a range of benefits, in particular access to practical information, which indicates that neighbourhood centres can provide practical benefits the individuals who access the centre. In addition to this individuals also benefited the community by disseminating what they have found within their own family and friends network.

Another finding was that relationships and information exchange between people involved in neighbourhood centres promoted employment and training opportunities. This is in line with the findings of the Communities for Children evaluation (Muir et al 2009) cited above, and the study on settlement houses in Canada cited below. These findings confirm that Neighbourhood centres are key sites for promoting participation in the labour force in communities where participation is historically low.

Building local networks: Neighbourhood centres play an important role in building neighbourhood networks. While there appears to be little Australian research on this aspect of social capital and neighbourhood centres, literature from the North American contexts shows some promising results.

A Canadian study by Yan and Lauer (2008) examined the role of settlement houses (which are similar to neighbourhood centres in Australia) in assisting new immigrants to adjust to Canadian society. The research was conducted on all nine settlement houses in Vancouver. Research methods included a survey of program participants (n=231), interviews and focus groups with staff, volunteers and other stakeholders. Overall, the study found that settlement houses in Canada were ‘instrumental in helping ethno-culturally diverse newcomers establish social capital by expanding their social networks’. The study examined the social connections outside of participants’ family and network of (ethnic) friends because these ties are an important element of bridging capital as they can help newly arrived immigrants integrate into broader Canadian society. Around 82% of participants indicated that their involvement in settlement houses had helped them form social connections outside of their ethnic community. Additionally, the study found that 28.8% of participants relied on contacts made through neighbourhood centres to find employment.

Furthermore, findings from a Chapin Hall study mentioned above examined how neighbourhood centres contribute to building networks among residents in their local communities. They found that neighbourhood centres provided a support base for people who were isolated in the community.

By connecting local residents to formal and informal networks, neighbourhood and communities centres provide a key source of ‘bridging capital’ for individuals in the community, facilitating linkages between people in the community

Building trust in communities: Trust, especially in one’s neighbours and community leaders is a key facet of social capital. In an Australian study of social capital and neighbourhood centres, researchers found that people (staff, participants and volunteers) involved in neighbourhood centres in NSW were found to have reported higher levels of feelings of trust and safety compared to people in their community group sample (Bullen with Onyx 2005).

In addition to this, evidence from the international literature suggests that neighbourhood centres are trusted sources of community support because they adopt a non-stigmatising approach. By promoting a non-stigmatising environment neighbourhood centres can contribute to building relationships of trust among people accessing centres. (Brown and Barnes 2001).

Pathways to volunteering: Volunteering is another important ways through which social capital can be generated (Lyons 2000). There have been few Australian studies on volunteering at neighbourhood centres. Nevertheless a study on women's involvement in NSW neighbourhood centres found some evidence to show how centres offered pathways to volunteering. Foley (1993) found that once people were connected to the neighbourhood or community centre this often led to further involvement in education or other activities, participation in the management of the centre, or paid voluntary work in the centre or in another centre (Foley 1993). Volunteering was found to enable the volunteers to develop their social networks and give them the opportunity to use their skills (Flick et al 2002). Therefore, the significant level of volunteer involvement in neighbourhood centres would be an important source of social capital.

While empirical studies specifically examining the contribution of neighbourhood centres to social capital are still few in number, those available provide a good indication that the contributions of neighbourhood centres are reasonably strong. Sabatelli et al (2007) in their study of the impact of youth participation in the neighbourhood programs of 12 inner-city Neighborhood Youth Centers operating within Connecticut also examined the youth's perceptions of the centres and especially the degree of social support the youth perceived to be available to them by the staff at the centres. Considerable positive changes occurred in youth's perceptions of the centres over the course of the study.

The Neighbourhood Parenting Support Project in two inner city high-risk, multicultural Winnipeg neighbourhoods was a four-year (1988 to 1992) research and demonstration project. The project was located in one neighbourhood, while the other neighbourhood functioned as a comparison or control neighbourhood. The project used social network intervention, focusing on informal personal and neighbourhood networks to strengthen support for parenting and bringing together formal services with informal support networks. The social network of each person was mapped and changes or new connections and links were planned and carried out to provide increased resources and supports. Major findings were that social network intervention does improve informal support and the risk of child abuse can be reduced in a neighbourhood by social network intervention.

The Saint John Family Resource Centre in New Brunswick in Canada provides a range of programs including Building Self-Esteem and Gaining Independence (an intensive program for women) workshops on parenting, wellness a community kitchen project (menu planning and meal preparation) volunteer-led craft class, Teen Mothers Support Group and Special Delivery Club (pre- and postnatal support) Nobody's Perfect (parent education) personal growth programs (8 to 10 weeks), grieving, relationships, women and anger, and self-awareness, supportive counselling and referral by phone or drop-in. The centre sees success as indicated by two major factors: (1) the increase in people using the centre, and (2) parent participants taking ownership of the centre by working as volunteers in the centre itself and sitting as volunteer board members. The centre has also undertaken evaluations of individual user satisfaction in some programs. To date, users have indicated changes in their abilities to manage stressful situations, awareness of their children's needs and emotional development, and their overall wellness.

A few studies in Australia have attempted to measure the level of social capital resources among people involved in neighbourhood centres (Bullen with Onyx 2005). The research used several indicators such as participation in local community, neighbourhood connections and feelings of trust and safety as components of social capital. The original study focused on the prevalence of social capital in five communities in NSW (Onyx and Bullen 2000). In a related study the researchers used the same survey instrument to measure social capital in neighbourhood centres. Bullen and Onyx (2005) found that volunteers at neighbourhood centres reported higher levels of social capital compared to members of the general community. The benefits of volunteering are gained not only by individuals but by entire communities because it strengthens community ties and facilitates 'collective efficacy' – ie the ability of the community to confront challenges (Flick et al 2002).

Another way in which neighbourhood centres contribute to social capital is demonstrated through the sustainability project undertaken in conjunction with the NSW Department of the Environment and Climate Change. The project has used a community development model to engage people at a local level and offered a range of ways to become involved. The independent evaluation by RPR consultants (unpublished, referred to in Blenkhorn, 2004) found that this exercise was an appropriate and effective means of facilitating and promoting environmental change. Examples of increased capacity in local communities as a result of this project included enhanced skills in community decision making including knowledge of legal processes, meeting procedures, negotiating with Councils, and dealing with local media outlets; training of volunteers to undertake local environment initiatives; and the ability of groups to attract funding from new sources to continue and expand their projects.

The Neighborhood and Family Initiative (NFI) launched in 1990 by the Ford Foundation sought to strengthen a single neighbourhood in each of four cities and to improve the quality of life for the families who live in them. It was also a demonstration project, designed to explore the usefulness and viability of a general approach to community development. Unsurprisingly, the kinds of program outputs differed significantly from site to site. In most cases, programs were quite small (a community garden, a food-distribution effort) and their impacts were limited to those individuals directly involved. A few programs have been larger and more capital intensive, such as those providing new housing, creating new organizations, providing career-path employment for some residents, or redeveloping the physical infrastructure and commercial activities in defined portions of the neighbourhood. Outputs and process outcomes included the following:

- **Services.** NFI increased access to existing services and supported the provision of new services such as child care, health care, youth development activities, job training and placement, transportation, and family support services in each of the target neighbourhoods.
- **Jobs.** NFI helped connect some residents to jobs, often through partnerships with employers and by drawing on publicly funded employment programs, attracting businesses to the neighbourhood and negotiating hiring practices to benefit neighbourhood residents.

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- **Physical revitalization.** All sites supported some level of physical revitalization activities, from housing repair and renovation to infrastructure improvements to beautification activities in parks and schools to construction or renovation of buildings that would house businesses, service providers, or cultural institutions.
 - **Resources.** In each site, NFI helped to leverage some additional resources from both public and private sources, generally to support particular projects, ranging from in-kind support of staff time or equipment to up to several hundred thousand dollars for particular projects focused on job training, land acquisition, service delivery, housing rehabilitation, loan fund capitalization, or commercial redevelopment.
 - **Organizational capacity.** NFI has contributed to both the creation of new organizations in each neighbourhood and to supporting existing organizations by providing funding, access to technical assistance and information, and connecting organizations to one another.
 - **Leadership.** Individuals—particularly neighbourhood residents—who became involved in NFI gained skills, knowledge, and access to information that promotes their ability to be more effective advocates and neighbourhood leaders.
 - **Relationships.** Through NFI, instrumental relationships were built both among individuals and among organizations in the neighbourhoods and the cities. In some cases, these relationships have opened lines of communication among residents, and between residents and the organizations and agencies that serve them, that can be used to facilitate the flow of information, connect people to resources, or facilitate effective advocacy around particular issues as they arise.

However, the extent to which these outputs and relational shifts led to outcomes in the form of broader neighbourhood change has been limited. In most cases changes have been achieved at a very small scale and Chaskin notes that for some of the bigger and less tangible outcomes such as promoting relationships, the achievements may be also difficult to sustain. This probably demonstrates to achieve long-term sustainable change, long-term interventions that are better resourced are needed.

4 Cost-efficiency of neighbourhood centres

4.1 Cost structure of neighbourhood centres

In the community services sector, delivery of services by NGOs has the potential to be less costly than service delivery by Government agencies. There are a number of reasons for this. Firstly, the NGO salaries and wages tend to be roughly 20-50% lower than Government salaries. As an example, under the current SACS award which applies to the non-government sector, pay rates for individuals undertaking case work are \$39,000 to \$45,000, whereas the salaries for DoCS caseworkers are \$53,855 to \$74,408. However, it is also widely acknowledged that pay rates in the NGO sector have deteriorated, in line with the reduced levels of Government funding over time

and it is likely that in the longer run the trends will be for these cost differences to be reduced (ASU 2009). Secondly, NGOs are not subject to payroll tax, which is currently at 5.75 %. Thirdly NGO service delivery embodies significant cost savings due to extensive use of volunteers in the NGO sector. There are also other, less tangible factors related to the nature of the organizations and the way activities are organised that leads to increased cost-efficiency and cost-effectiveness. Barnes et al. (2006) attempt to explain these by pointing out that area-targeted programmes can more easily adopt a bottom-up approach and more efficient identification of problems, focussed activities, as opposed to dispersed activities can have greater impact and local programs may lead to increased confidence and capacity to participate in the community, and hence more efficient delivery.

Neighbourhood centres rely significantly on volunteers and benefit from the substantial amount of time and effort that volunteers contribute to centres, which makes their unit costs low compared to other service providers. In a recent survey undertaken by the LCSA, while the fulltime equivalent (FTE) employment at 121 neighbourhood centres across NSW, was 737.7 FTE, the volunteer resources constituted 328.4 FTE. This means that every FTE resource generated .445 FTE volunteer effort, or that 31% of the total service effort is met by volunteers. While this is the average over the 121 centres responding to the survey, the contribution of volunteers is much higher in some centres. For example Belmont Neighbourhood Centre has 1.14 FTE paid workers and 8.5 FTE volunteers, Bondi Junction 5 FTE paid workers and 122.7 FTE volunteers, Lightning Ridge 0.25 FTE paid and 3.2 FTE volunteers, and Potsville Beach 3 FTE paid workers and 32 FTE volunteers. Clearly, the greater the contribution of volunteers, the greater is the leveraging of the funding provided by Government and other sources.

A Canadian study of volunteering in family resource centres which support families and children living in disadvantaged neighbourhoods (Neysmith and Reitsma-Street 2000) provides an example of the significant value volunteers can provide. An important part of this study was that it examined both economic and non-economic benefits of volunteering. In the five centres included in the study, a total of 312,498.9 volunteer hours were recorded over three years within the five centres. The researchers calculated that in dollar terms volunteers contributed over \$260,000 per centre where the total budget for each centre was on average around \$500,000 per centre. Furthermore, the volunteers interviewed for the study identified considerable personal benefits they received through their involvement in family resource centres.

The Victorian Department of Human Services, in its Report Giving Time: The economic and social value of volunteering in Victoria (Soupourmas and Ironmonger, 2002) reports on both the economic and social values of volunteering . In estimating the economic value of volunteering the report adopts the opportunity cost method. The findings are that the value of volunteering through organisations is worth \$2.3 billion in 1997, informal volunteering is estimated at \$5.7 billion, and associated travel costs are \$2.0 billion and that the overall economic value of volunteering in Victoria is around \$10 billion, which is equivalent to an additional 7.6% of the Victorian Gross State Product or 15% of the compensation paid to employees in Victoria. The report also argues that the overall value of volunteering is much more than its monetary value and that it is a significant contributor to social capital in

communities and that volunteers through their direct delivery of services and role in advocacy help shape our communities.

The report finds that the community and welfare sectors benefited most from volunteers in Victoria with Victorians donating 8 million hours to health organisations, 35 million hours to education, training and youth development organizations, and 46 million hours to community and welfare organisations in the year 2000. These findings reinforce the expectation, based on the broad understanding of the cost structure of the neighbourhood centres, that the unit costs of service delivery by neighbourhood centres are significantly lower compared to other service providers.

4.2 Case Studies

This section will look at a few case studies that demonstrate some of the advantages of service delivery through neighbourhood centres.

The delivery of the Brighter Futures program by the Consortium of Neighbourhood Centres (CONC) provides one such example. The neighbourhood centres that are part of the CONC provide non-stigmatising, soft-entry points. A good demonstration of this is the project in Nimbin, which involves a community based Nurse Practitioner.

Prior to this service there were very low presentations of mental health and drug and alcohol abuse clients to health services. When the service was established the expectation was that it would take up to two years to overcome this general reluctance to present and lack of trust. Initially, the Nurse Practitioner was working out of Nimbin Hospital, but as soon as the service was relocated to the neighbourhood centre there was a dramatic spike in self-referrals, which include referrals from friends and family members. Clients may access the centre for some time just for cups of tea or food vouchers before they start disclosing things like DV, mental health and drug and alcohol issues. Another outcome has been that now the Police are regularly referring people back to the Centre to minimise the trauma of interventions in mental health and drug and alcohol incidents.

The neighbourhood centres provide services better targeted to their communities, due to their intimate understanding of the local context. The CONC had identified a tendency for highly functioning parents who were committed to improving their parenting skills to sign up for the parenting groups rather than parents who had been identified as being in dire need of it. There were also issues around ATSI parents who did not feel comfortable mixing with highly functioning non-ATSI parents and felt the parenting groups were not relevant to them. For example, a main issue with Non-ATSI families is the isolation and lack of supporting adults, particularly for single parents. ATSI families, on the other hand, have identified that one of their main issues is just the opposite: finding the space to spend quality time with their young children re eg reading to them etc due to overcrowded housing and lots of kids and adults in their home environment. The CONC had incorporated these insights into their application for the Brighter Futures. The neighbourhood centres can also provide services more flexibly. The CONC delivers Triple P not only through groups but also as part of their Home Visiting program - ie they deliver the program in the home directly to the specific family as part of their case management plan, leading to greater levels of participation and better results.

A good example of community development by neighbourhood centres in action is the Solar project which costs the Nimbin Neighbourhood Centre only about \$1000 to do and the outcome was 55 households now feeding the grid with solar plus large 2kW systems installed at the Centre and the Town Hall, which allows generation of around 50% of Nimbin's total power needs through solar. The targeted people had low incomes and cost was a real barrier for them in obtaining solar systems, but the project facilitated a significantly reduced cost for individual households so that they were able to come on board. The project also involved the supplier (Rainbow Power Co) providing no interest loans to households and covering the gap costs between the actual cost of the systems (around \$12,000) and the rebate amounts (\$8000).

5 Responding to the Wood Commission and *Keep Them Safe* to harness the potential of neighbourhood centres

The Wood Commission of Inquiry has significant implications for neighbourhood centres, as it does for all NGOs providing child, youth and family services. The Commission has acknowledged child protection could not be delivered without the NGOs in NSW and recommended their reach to be extended, and while being supportive of the thrust of DoCS funding reforms, has recommended further improvements in the efficiency and effectiveness of the systems used for funding NGOs.

The Commission has identified significant duplication across the funding programs both in terms of the target client groups and the different services and activities funded, with particularly pronounced duplication in relation to the types of services funded under the Brighter Futures, Families NSW, CSGP and ACYFS Programs that target vulnerable families and that provide community capacity building services.

Within that context, the Commission has recommended that all NSW Government funding to NGOs delivering universal, secondary and tertiary services to children, young persons and their families to prevent or otherwise address child protection concerns should be reviewed, so as to establish a coordinated system for the allocation of their funded resources that will eliminate unnecessary overlap and provide for the delivery of service where most needed.

The Commission has also specifically addressed the case of the Community Services Grant Program (CSGP) for which there has been no growth funding since 1990. The report provides a comprehensive analysis of the situation, referring to the DoCS submission that highlights that the cost drivers and demand for services have increased considerably since then, resulting in significantly decreased level of service comparative to 1990 and the Ernst & Young review of the CSGP in early 2007. The aim is to develop a program structure that aligns with DoCS corporate priorities and provides the basis for a sustainable service system. The Commission's report also points out that the business case developed in response to the review argues that to meet increased client demand the CSGP would require a budget enhancement of \$45 million per annum to be introduced in \$15 million increments over three years from 2008/09 to 2010/11.

There was no additional funding allocated to the CSGP in the 2008/09 budget, and it appears the Commission's recommendation regarding the need for review of funding

programs to reduce duplication has led to the postponement of any funding increase to the CSGP. Interestingly, the Government's response, *Keep Them Safe*, is silent on the role of the CSGP and the neighbourhood centres. Neither Chapter 2 "Strengthening Early Intervention and Community Based Services" nor in Chapter 6, "Strengthening Partnership Across the Community Services Sector" has any specific actions identified either to continue implementing the reforms to the CSGP or to review the overlaps between CSGP and the other programs, while the expectations for the other programs are articulated, without addressing any overlaps that may be perceived to exist between them (e.g between Brighter Futures and Families NSW)

This is probably symptomatic of the situation the neighbourhood centres have found themselves in over the decades, of not having been able to impart to the bureaucracy a sound understanding of what they do, and their role in prevention and early intervention and community capacity building. This places neighbourhood centres in an unfortunate position. Given the current funding pressures under which they operate, diverting precious resources to profiling the neighbourhood centres and the outcomes they are achieving and undertaking awareness raising activities would not seem a viable course of action. However, without raising awareness, they are unlikely to persuade Government of their use and effectiveness. Some potential avenues for action to improve public awareness of their activities and improving their funding base may include:

- Exploring the potential to attract pro-bono support from researchers, academics and other professionals in developing the evidence base for their activities and contribution to outcomes for children, young people and communities.
- Enlisting the support of prominent community members in acting as ambassadors for the neighbourhood centres.
- Partnering with Federal, State and Local Governments in other contexts where they may have strengths to offer, such as implementation of the Social Inclusion Agenda, delivery of programs under the Economic Stimulus Package, delivery of Place-Based Initiatives of Governments, and as repositories and hubs for community information.
- Continuing to build collaborative structures such as the CONCs, that pool resources and expertise and enable stronger positioning of the neighbourhood centres for any Government funding opportunities.
- Partnering with other, better resourced NGOs, in delivering programs and accessing other sources of funding.

Clearly, it is crucial that the LCSA continues its focus on implementing the neighbourhood centres renewal strategy, which will underpin and enable such actions to be undertaken and to lead to successful outcomes.

6 Conclusions

This report has reviewed the literature relating to the effects of neighbourhood centres on children, families and communities. The review showed that neighbourhood centres can benefit vulnerable children and families in three ways:

- They provide an effective and cost effective method for engaging vulnerable members of the community and to providing them with a range of non-stigmatising preventive services.
- They act as a conduit for other services which many vulnerable families are otherwise unlikely to access.
- They help to foster greater levels of social capital in the community, providing the potential for greater productivity, higher levels of participation and decreased use of services.

There is clear evidence that neighbourhood centres provide a cost effective way of delivering support to the most vulnerable families in the community. Their unit costs are far lower than other equivalent service providers, and they tend to rely on volunteers and other committed staff members.

Because of their deep knowledge of the local community, these centres are also the logical base for a range of programs aimed at enhancing the wellbeing of vulnerable children and families. Neighbourhood centres are thus very well placed to play a key role in the renewed focus on prevention and early intervention as articulated not only in the Wood Commission report (2008), but also in COAG's new Child Protection Framework (Council of Australian Governments, 2009).

One of the great strengths of neighbourhood centres is that they provide continuity to the community members. Unlike many services they are available to families throughout the period of their children's childhood. This continuity is a major factor which increases the trust of the local community and therefore their ability to access vulnerable community members.

Thus continuity of funding at an adequate level is vital for the maintenance of this important resource. Although the funding provided by the CSGP is often a relatively small part of the overall budget of community centres, it is used to leverage other funding streams from various sources, and provides core resources which short term program funding often fails to take into account. Additionally it is important to build capacity in the sector so that neighbourhood centres are better placed to respond to the challenges of the worsening financial situation of many vulnerable families and communities.

Adequacy of the evidence base

Although the evidence base for the effect of social capital on individuals and neighbourhoods is unequivocal, the direct evidence for the impact of neighbourhood centres on individuals and communities is rather sparse, especially in Australia. Much of the research consists of small qualitative studies, and although taken together these provide a good indication, they are not a substitute for rigorous outcome

research. Part of the reason for the lack of a solid evidence base is that this is a very complex area for rigorous research to be undertaken, as discussed in section 1.2 above. Interventions which serve a wide range of people in different ways, and which achieve multiple low-level outcomes are notoriously difficult to evaluate. Intensive research can also counter the informal and accessible nature of the centres themselves.

Nevertheless the LCSA recognises that robust evidence is vital for the ongoing survival of the sector. It has therefore worked with academics, in Australia and overseas, to develop mechanisms for capturing important outcomes. It is important that this aspect of the work continues, and that a program of robust data collection and outcome research is developed and adequately funded.

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