

Cost of Providing Specialist Disability Services and Communities Services in Queensland

Karen R. Fisher, David Maynard, Marianne Rajkovic
and Peter Abelson

SPRC Report 08/09

University of New South Wales Consortium
Social Policy Research Centre
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Abbreviations

CASH	Crisis Assistance Supported Housing Award
CPI	Consumer Price Index
DOC	Department of Communities
DSaRI	Disability Studies and Research Institute
DSQ	Disability Services Queensland
FTE	Full-time equivalent
KPI	Key performance indicators
NDS	National Disability Services (was ACROD)
NGO	Non-government organisation
OECD	Organisation for Economic Cooperation and Development
QCOSS	Queensland Council of Social Services
QIC	Queensland Industrial Commission
SACS	Social and Community Services Award
SPRC	Social Policy Research Centre
TAFE	Technical and Further Education
UNSW	University of New South Wales

Definitions

For the purpose of the research project, the following definitions apply. The definitions relate to terms used in community and disability services funded by DSQ and DOC.

Services

Services are defined from a user perspective to facilitate flexibility and responsiveness to user needs. Some services are joint services, such as community development activities, rather than individual-based.

Service cluster

A service cluster is a group of services. DSQ/DOC has defined service clusters of multiple service delivery models. The service clusters are defined from analysis of community and disability service types and activities.

Service delivery model

A service delivery model refers to a means of delivering a service. Examples include neighbourhood centre, group home and early childhood therapy. Service delivery models relate to one service cluster. A service delivery model may include many variations in service delivery, depending on the providers' approach and service users' needs and preferences.

Service provider

Non-government organisation that receives the funding from DSQ and DOC.

Service delivery expenditure

The direct expenditure on inputs associated with delivering the service. This includes spending on direct service delivery staff, operating expenses including transport and supervision staff at the service outlet. It does not include organisational expenses.

Service delivery staff

The staff who work directly with service users, the staff who supervise and manage the direct staff and the service outlet, professional support staff and other staff at the service outlet, such as direct service delivery administrative and maintenance staff.

Organisational staff

All other staff who are not involved in specific service delivery, such as corporate management and support.

Organisational expenditure

All organisational and corporate expenditure on inputs not allocated to specific service delivery eg. corporate human resource expenses and transport not used in service delivery.

Total service delivery

All service types, activities and service delivery models delivered to service users by an organisation, including service delivery funded by DSQ and DOC and other funding sources.

Organisational revenue

Total revenue from all sources, including grants for service delivery from DSQ and DOC, funding from other parts of Queensland Government, Commonwealth government, local government; service user fees; fundraising; and in-kind support, including free premises and volunteer activities.

Service users

Members of the public that use the services delivered by the organisation; also referred to as consumers, clients and participants.

Volunteers

The project distinguishes two types of volunteer activities: first, volunteer-specific activity, which does not substitute for paid work eg. meals on wheels volunteers, management board membership; and second, volunteer activity that substitutes for paid staff or paid expenses eg. free audit service or a volunteer facilitator.

Location

- Metropolitan: local government areas of the Gold Coast, Brisbane, Ipswich, and the Sunshine Coast
- Regional: local government areas of Bundaberg/Hervey Bay, Cairns, Mackay, Maryborough, Rockhampton, Toowoomba, and Townsville/Thuringo
- Rural: areas that are neither 'Remote', nor in one of the above listed cities
- Remote: centres with a population of less than 5,000 people that are also further than 2.5 hours drive from the places named above.

Expenditure drivers

Factors that change expenditures over time, including wage rates, other employment costs, staff shortages, government requirements, technology, CPI and approaches to service delivery.

Full cost of services

Full service delivery and organisational cost of providing Queensland Government contracted disability and community services to a reasonable quality as defined by the service contract.

Reasonable quality

As defined by the Queensland Government service contracts, including compliance with quality standards and community expectations.

Executive Summary

This research has reported current service delivery and organisational expenditure data for 30 service delivery types funded by DSQ and DOC and delivered by NGOs. The quality of the data is limited because of the small sample and differences in financial management in the NGOs. However the analysis is sufficient for informing questions about the current context of expenditure and funding; variation in expenditure between organisations; variation between service delivery types; variation between service characteristics at different service delivery outlets; and shortfalls between expenditure and the full cost of services. The report has drawn conclusions about reasons for variation in expenditure based on surveys and interviews with the NGO managers and comparative literature in Australia and internationally.

Service delivery expenditure

The analysis shows that service delivery expenditure varies between service delivery types and within each service delivery type. The most statistically significant reasons for variation are the number of hours and days of service per week. Weaker reasons for variation include the service type (non-accommodation type services lower); funding agency (DOC lower); number of hours information or referral (more hours, higher expenditure); proportion of non-contact hours (higher proportion, lower expenditure); location (more remote, higher expenditure); proportion of Indigenous or culturally and linguistically diverse (CALD) clients (higher proportion, lower expenditure); client fees (charge fees, lower expenditure); number of volunteers (more volunteers, lower expenditure); continuity of clients (more stable, lower expenditure) and level of client support needs (higher level, higher expenditure). Most of these relationships are not statistically significant; however, they indicate the direction of the relationship between the cost driver and the effect on cost.

Organisational expenditure

The three methods of analysing the proportion of total expenditure spent on organisational costs (non-service delivery costs) were consistent at an average of 15 per cent of total expenditure. All managers reported that current funding does not cover their full service delivery costs or organisational costs.

Relationship between current expenditure and the full cost of services

The results presented in the report only reflect current expenditure, driven by current funding levels and contracted service obligations. The organisations emphasised that current expenditure does not reflect the expenditure required to provide reasonable quality service. They reported that services are not funded at full costs. Current expenditure reflects the restrictions of current funding and contracted service requirements. Most organisations have only limited access to other revenue streams to meet the gap between required expenditure and funding. They do not have access to alternative, sustainable funding sources that they can apply to contracted services. Some organisations have access to other funding sources that they apply to other purposes such as infrastructure or other services. Most organisations, therefore, adjust expenditure to meet minimum obligations by compromising quality or quantity of service outputs. For these reasons, historic expenditure is not an adequate guide to modelling future funding for reasonable quality service delivery types.

At best, the team might assume that the degree of difference between current expenditure and the full cost of services is approximately similar for all service delivery types and the proportion of the full cost of services spent on non-service delivery expenditure

(organisational expenditure) is likely to be consistent with other states and countries – approximately 15 per cent.

Current consequences of funding less than the full cost of services

The managers reported that consequences of current funding less than the full cost of services are that some quality aspects of service delivery and organisational management are compromised; the quantity of contracted services delivered is reduced; and organisations are restricted in their ability to respond to changed support needs from clients and communities. In particular, they are currently forced to compromise staff conditions (wages and conditions, staff continuity, training and qualifications); compliance and quality assurance. Organisations operating outside the metropolitan area reported higher expenditure (transport, staffing and maintenance), resulting in compromises in service delivery and management quality. They reported that some aspects of service delivery costs are not funded at all in some contracts, including adjustments for inflation and wage changes; infrastructure, equipment and administrative costs; and the cost of applying for funding.

Implications for modelling the full cost of services

The limitations to the application of historic service delivery expenditure to modelling the full cost of services indicates that the Funding Policy team should rely on alternative methods, such as output based funding modelling, informed by the analysis in this report. This is the approach adopted in UK, Canada and Victoria and towards which Western Australia is moving, so as to maximise service responsiveness and incorporate factors for likely cost variation. Modelling in these jurisdictions takes account of client support needs, location, staff qualifications, proportional organisational costs and predictable drivers of cost changes (eg. inflation, industrial conditions). It has the added advantage that costing does not need to be fixed to current service delivery models. Flexibility in a costing model is necessary to allow for changes in demand, innovation and new service, professional and technological developments. This approach is beyond the scope of the research project.

1 Introduction

This report presents findings from the research for the Queensland Government on the Cost of Providing Specialist Disability Services and Communities Services in Queensland.

1.1 Purpose

The research investigates the expenditure and funding of the services provided by NGOs funded by Disability Services Queensland (DSQ) and Department of Communities (DOC) in Queensland. The research tasks are as follows.

1. Identify the resources and tasks associated with all aspects of service provision that incur a cost
2. Determine the current expenditure of providing services (in existing service models) through analysis of a representative sample of organisations
3. Test the validity of service clustering for costing purposes
4. Identify changes in the cost of service delivery over time using historical service delivery expenditure and where possible, future cost projections
5. Examine the reasons for and extent of variation in service expenditure
6. Review current revenue streams for funded non-government organisations (NGOs), the reliability of the revenue streams and their impact on the viability of the organisations
7. Undertake research to identify expenditure benchmarks used by other Australian jurisdictions when delivering similar service types and activities.

The methodology rationale is to:

- build on existing tools and financial models for disability and community services, thereby minimising research burden and risk;
- understand the experience of organisations, clients and government organisations in the costs of addressing the disability and community service needs of clients; and
- inform the government's development of a financial model that can be adapted to policy changes in service types and be responsive to innovative approaches to service provision.

The research applies a mixed methodology of qualitative and quantitative methods to inform financial modelling of funding for a variety of disability and community service types. The financial analysis refines tools for modelling variation by service type, location, organisation and client characteristics. This analysis is complemented with qualitative analysis to inform, and modify the assumptions in the financial modelling. The research is conducted in partnership with the government Funding Policy team with members from Disability Services Queensland and Department of Communities.

1.2 Data Collection

Literature

The literature review compared the Queensland context with funding experiences in other Australian jurisdictions, United Kingdom, Canada and USA. The UK and Canada in particular have reviewed their funding mechanisms, as discussed in Section 3. Canada is a

good comparison for the Queensland context because it has a similar mix of federal and state funding for organisations.

Fieldwork

The researchers asked NGOs to complete a questionnaire about actual expenditure and revenue for the last financial year (2006/07). The Funding Policy team invited members of the Disability Services and Communities Reference Groups and other organisations to participate in the survey. Organisations were targeted to ensure the broadest possible sample, and drawn from attendees at a series of focus groups conducted by the Funding Policy Team. The sample included a minimum of four outlets for each service delivery type. It also included an overrepresentation of rural, regional, remote and Indigenous organisations. The sample was selected in this way to have sufficient responses to observe variation in expenditure due to expected factors such as location, size and characteristics of service users. The responses for each services delivery type are summarised in Appendix A, Table A.2.

The researchers designed the survey in collaboration with the Funding Policy team and the Reference Groups. The Funding Policy team distributed the questionnaire to 30 organisations. The researchers then interviewed the organisation managers and key staff to clarify the data. They also discussed the reasons why current expenditure does not reflect full costs of a reasonable quality service, defined in government service contracts; talked about cost drivers; and managers opinions about the full cost of services. Follow up telephone and repeat visits were conducted when necessary to complete the data.

Twenty eight organisations responded to the cost survey, providing expenditure details about 101 service delivery types. Ten respondents did not provide financial information so only interview comments and qualitative data were used in these cases (service delivery types in both Table A.1 and A.2). For 14 service delivery models we received no responses. Details about responses for each service delivery type are listed in Appendix A.

The Funding Policy team also conducted a scan of funding policies for disability and community services in other Australian jurisdictions. The research applies the results in Section 3.

1.3 Limitations of Historic Expenditure for Modelling the Full Cost of Services

The expenditure data has some serious limitations as a basis for modelling the full cost of services. These include:

- Data problems, including small sample size, rough financial estimates because some organisations do not keep financial records by service delivery type; poor financial records; inaccurate data; and organisations' inability to distinguish organisational from service delivery expenditure leading to double counting (eg. management fee in service delivery expenditure);
- Variation in service delivery due to location, complexity, incomparable service types within the same service delivery type category, employment of incomparable staff eg. qualified and unqualified staff. The variation within a small sample has an impact on the ability to generalise within and between service delivery types.
- Accommodation property expenditure could not be analysed because many of the data were missing or only a rough estimate; and

- Service cluster groupings of expenditure could not be analysed because the expenditure varied widely within service delivery types, let alone between service types within a cluster.

These limitations apply over all service delivery types. Accordingly, although historic expenditure helps to explain variations in expenditure between organisations and between service delivery types, and funding shortfalls, it does not provide a reliable basis for funding modelling. The report has therefore attempted to provide the Funding Policy team with the descriptive data by unit of service delivery type (average and range) with any explanation we can identify for variation.

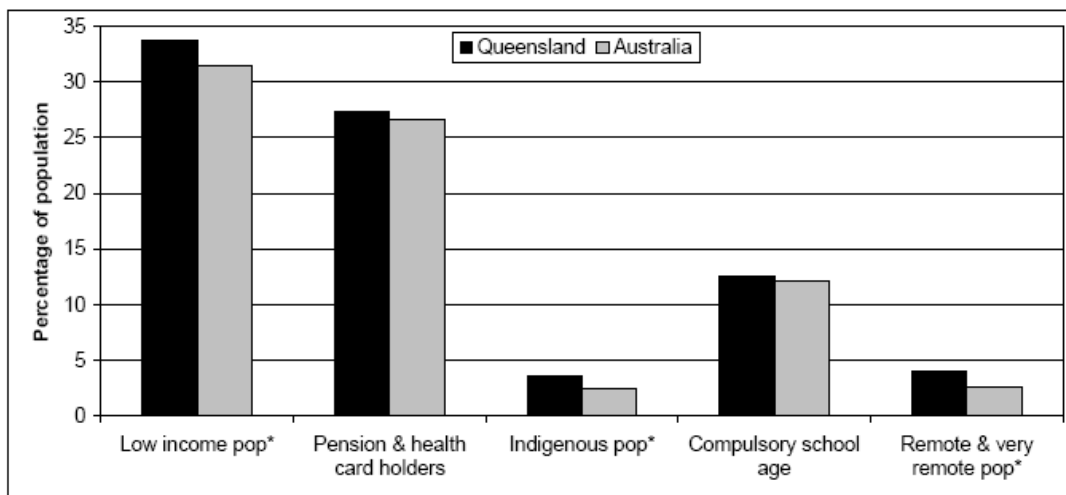
If the funding modelling methods used by the Funding Policy team apply the quantified expenditure data, the team will need to make assumptions based on the descriptive rather than the financial data, including the reasons for the historic expenditure, reasons for variation that still remain obscure and the degree of difference between expenditure and the full cost of services. The final section of this report further discusses implications for funding modelling.

At best, the team might assume that the degree of difference between expenditure and the full cost of services is approximately similar for all service delivery types and the proportion of funding spent on non-service delivery expenditure (organisational expenditure) is likely to be consistent with other states and countries – approximately 15 per cent.

1.4 Queensland Context Compared with Other States

This section compares the context of Queensland Government funded services with other states. This context is necessary because the report comments on contrasts between Queensland costs and funding system and other states.

Queensland has a large land area and widely dispersed population, New South Wales is the least dispersed. Only 44 per cent of Queensland's population lived in the state capital in June 2006, compared to an average of 71 per cent for the other mainland state capitals, New South Wales having the highest urban population. Furthermore, a higher proportion of the Queensland population lives in remote areas (56 per cent higher) (Australian Government, 2007: 66). Queensland has a 46 per cent higher Indigenous population than the rest of Australia (Australian Government, 2007: 66).

Figure 5-9 Influences on costs of services, Queensland and Australia, 2007 Update

Note: Indicators marked * are from 2001 Census. All other data are a five year average to 2005-06.

Source: Attachment B.

The population of Queensland also differs in a number of other ways: a higher proportion of people with a low income, receiving a pension or concession card, Indigenous, school-age and living in remote locations (Figure 5-9; Australian Government 2007 update: 61). As a result, the demand for government assistance is higher than in the other States (Australian Government, 2007: 67). Furthermore, the unit cost of delivery (the cost per service or per client) is higher due to cost of transport, relatively wider dispersed population and the needs of low income households. The combination of high demand and high unit cost puts a great deal of pressure on the budget. For similar reasons, the need for service support from Queensland Government in relation to support for transport, education, health and law and order are high, as are delivery costs.

That situation has changed as a result of the resources boom over the last five years. While it is still more expensive to provide public services in Queensland, the state's tax capacity has risen dramatically and is now higher than the average for the other states. The Australian Government 2007 Report on State Governments sharing abilities (2007 update) noted that Queensland Government's need for additional support from Federal Government to fund health and welfare was declining as revenues from mining and other industries improved. Queensland received 1 per cent above average Federal to State transfer grants in the areas of Home and Community Care, public school funding and housing and roads from 2001 to 2005 (Australian Commonwealth Grant Commission 2006).

1.5 Report Structure

The report is presented in the following way:

- Section 2 analyses current service delivery and organisational expenditure by service delivery type from the fieldwork data;
- Section 3 analyses variation in current expenditure;
- Section 4 discusses the consequences of the gap between expenditure and the full cost of services;
- Section 5 discusses funding sources for organisations providing DSQ and DOC contracted services; and
- Section 6 discusses the implications for Queensland Government funding policy.

2 Current Service Delivery and Organisational Expenditure

To analyse current expenditure of DSQ and DOC funded service types and activities, all expenditure was divided into two categories:

- Service delivery expenditure – direct expenditure on inputs associated with delivering the service. This includes spending on direct service delivery staff, operating expenses including transport and supervision staff at the service outlet, transport to and from an outlet for the client and equipment for clients. It does not include organisational expenses.
- Organisational expenditure – all organisational and corporate expenditure on inputs not allocated to specific service delivery eg. corporate human resource expenses and transport not used in service delivery. This expenditure is commonly shared across the organisation between service delivery types and service outlets. Examples include information technology, financial management, staff training and administration of the organisation as a whole.

2.1 Current Service Delivery Expenditure

The research first analysed data about current expenditure on service delivery in funded NGOs according to service delivery type. It is presented as a unit cost per client, per place or per service outlet, according to the service delivery type and the available data. A summary of results is presented in the first two columns of Table 2.3.

Organisations provided expenditure data for the previous financial year by three broad categories: labour costs (salaries, wages and on-costs); expenditure on facilities and equipment; and other expenditure required for service delivery. The tables summarise historic expenditure for 30 service delivery models. Outliers were generally not excluded because the samples for each model are too small (1-13) (one outlier was excluded from the model with the largest sample).

The analysis calculated the average expenditure and the range in terms of the lowest and highest expenditure in dollars where applicable. In some models, the variation is large. Section 3 discusses the variation to explain that range of expenditure. The analysis shows that the variation in cost is loosely explained by level of client support needs and length of service per week. Staffing is the largest expenditure in most models. In some models, service delivery expenditure other than staffing is a high proportion of average expenditure. This partly reflects differences in the way expenditure was categorised from one organisation to another. It also reflects the fact that some organisations reported cash expenditure on capital items, rather than depreciation. For example, an update to IT systems or a motor vehicle fleet could swell service delivery expenditure in a single year.

2.2 Current Organisational Expenditure

This section analyses current organisational expenditure for the whole organisation, which is not specific to a particular service delivery type. In this research, organisational expenditure is defined as total expenditure less service delivery expenditure. For this reason, the section analyses the proportion of costs due to service delivery activities as a proportion of total expenditure as a way of defining the remainder as organisational expenditure. (Average in this section refers to average for organisations providing a positive response to the question; low and high refer to the range of lowest and highest responses for the question.)

Table 2.1 compares the proportion of an organisation's activity related to service delivery using three measures: service delivery expenditure as a proportion of total expenditure; service delivery employment expenditure as a proportion of total employment expenditure; and service delivery wages expenditure as a proportion of total wages expenditure. The latter two measures are included to test the reliability of the first result. The analysis shows consistency between the three measures.

Table 2.1: Service Delivery Activity as a Proportion of Total Expenditure to Estimate Organisational Expenditure

	Number of organisations	Per cent			Estimate of average organisational expenditure (%)
		Average	Low	High	
Service delivery spending to total expenditure	24	84	56	99	16
Service delivery employment to total employment	22	80	44	100	20
Service delivery wages to total wages	25	86	48	98	14

Service delivery expenditure averages 84 per cent of total expenditure but ranges from 56 to 99 per cent. The average expenditure is consistent with funding formulae in other jurisdictions – 85 per cent direct delivery costs and 15 per cent other administrative and organisational costs (Section 2.3). The other measures confirm the estimate of average organisational expenditure at 15 per cent, with service delivery employment and wage expenditure averaging 80 per cent and 86 per cent respectively.

The variations from the average are not consistent in any organisation across all three measures. The comparison to these measures helps to explain the range of reported proportions from some organisations, which brought the organisation closer to the averages. For example, the organisation that reported 56 per cent of expenditure as service delivery spending also reported that 80 per cent of wages, salaries and on-costs were for service delivery staff. The organisation that reported service delivery spending was 99 per cent of the total also reported that 76 per cent of paid staff were service delivery staff and that 77 per cent of wages, salaries and on-costs went to service delivery staff. The variation is likely to be due partly to the way organisations defined service delivery spending differently.

The proportion of total service delivery costs does not seem to vary by size of the organisation, although the results are ambiguous (Table 2.2).

Table 2.2: Service Delivery as a Percentage of Total Expenditure, Employment Expenditure and Wages Expenditure by Organisation Size

Organisation size	Total expenditure	Employment expenditure	Wages expenditure
Small	84	72	82
Large	86	86	86

Note: Ten largest and ten smallest organisations responding to the survey

For large organisations the 86 per cent service delivery activity by all three measures is close to the 85 per cent expected. Furthermore, the 84 per cent of service delivery spending reported by small organisations is also close to the 86 per cent reported by large organisations for statistical purposes. However, the lower 72 per cent proportion of service delivery employment reported by small organisations is at odds with the other results; although the result is more consistent for the service delivery wage expenditure for small organisations at 82 per cent. The discrepancy may be due to financial record keeping rather than an actual difference in service delivery activity.

2.3 Implications for Estimating Current Organisational Expenditure

In summary, based on the analysis in this section, current organisational expenditure is estimated at an average of 15 per cent of total expenditure, plus or minus 5 per cent for higher or lower cost circumstances (Table 2.3 and Appendix B). Fifteen per cent is consistent with other jurisdictions, discussed below. Organisational costs could be expected to vary up or down 5 per cent for all or particular organisations due to circumstances such as how organisational costs are defined; the level of business skills and support; the degree of variation of other costs, such as staffing and location (Section 3); and other infrastructure funding opportunities, such as adjustments, training, equipment and one-off grants.

In Western Australia, disability funding formulae are structured on a maximum of 15 per cent organisational costs. A study in WA noted that all NGOs spend from 1 per cent of total budget to 30 per cent in administration costs (Conroy, 2005). Similarly, the Auditor-General of Victoria Report (1994) noted that while administration costs for organisations should be no more than 17 per cent, some organisations were spending on average 25 per cent of their budget on administration. It noted that services provided directly by the State Government had lower administration costs. NSW disability funding assumes 10-15 per cent administrative costs. In summary, the service contract in each of these states includes a proportion of funding for direct service delivery costs and a proportion for administrative costs (up to 15 per cent).

2.4 Total Current Expenditure with Organisational Expenditure Estimate

This section presents the data reported by organisations about current expenditure on service delivery with an estimate of organisational expenditure based on Section 2.3. Organisational expenditure is estimated at an average of 15 per cent of total expenditure, plus or minus 5 per cent for higher or lower cost circumstances. Total expenditure is presented as per place or client if data are available and relevant to the model; otherwise per outlet. Average expenditure is presented in Table 2.3. Estimates of higher and lower organisational expenditure (+ or – 5%) are presented in Appendix B.

As noted in Section 1.3, this current expenditure estimate does not reflect the full cost of services required to provide reasonable quality service for the reasons discussed in the remainder of the report.

Table 2.3: Current Annual Expenditure with Organisational Expenditure Estimate by Model (\$'000)

Model	Description	Average service delivery expenditure		Total average expenditure ²
		Per place or client ¹	Per service outlet	
Accommodation, support at home and support in community in descending order of expenditure				
4b	Accommodation support – 24 hour (sleepover), long day (24 hours), DOC – high cost (per client)	178.1	412.7	209.5
7b	Support provided in the community – individual (8-23 hours), DSQ (per place and client)	112.1	112.1	131.9
1	Accommodation support – 24 hour (awake), long day (24 hours), DSQ (per place and client)	95.3	381.1	112.1
3	Accommodation support – 24 hour (sleepover), long day (8-24 hours), DSQ (per place and client)	92.4	605.7	108.6
22	Support provided in the community – group, DSQ (per place and client)	63.1	540.3	74.2
9a	Support provided at home – individual (high intensity), DSQ (per place)	57.0	471.2	67.1
2b	Accommodation support – 24 hour (awake), long day (8-23 hours), DOC (per place and client)	54.6	2127.9	64.2
4b	Accommodation support – 24 hour (sleepover), long day (24 hours), DOC – low cost (per client)	51.6	356.2	60.7
6a	Accommodation support – 24 hour (on call), drop-in or short day (less than 8 hours), DOC (per client)	29.7	214.2	34.9
2a	Accommodation support – 24 hour (awake), drop-in or short day (less than 8 hours), DOC (per place and client)	22.7	567.2	26.7
8a	Support provided in the community – individual (daily), DOC – high cost (per client)	15.6	78.0	18.4
7a	Support provided in the community – individual (less than 8 hours), DSQ (per client)	14.2	173.2	16.7
5	Accommodation support – 24 hour (on call) (1-24 hours), DSQ (per place and client)	9.2	490.4	10.8
9b	Support provided at home – individual (low intensity 1-6 days per week), DSQ (per place)	6.8	170.9	8.0
8b	Support provided in the community – individual (high intensity), DOC (per client)	3.7	261.7	4.4
6b	Accommodation support – 24 hour (on call), long day (24 hours), DOC (per place and client)	2.4	116.9	2.8
8a	Support provided in the community – individual (daily), DOC – low cost (per client)	1.6	31.4	1.9
4a	Accommodation support – 24 hour (sleepover), drop-in or short day (1-8 hours), DOC (per client)	0.8	424.3	0.9
8c	Support provided in the community – individual (low intensity), DOC (per client)	0.4	312.2	0.5

Notes: 1. Per place if place data are available; otherwise per client

2. Total expenditure = service delivery + 15% organisational expenditure, per place or client if data are available and relevant to the model; otherwise per outlet.

Table 2.3 continued

Model	Description	Average service delivery expenditure		Total average expenditure ²
		Per place or client ¹	Per service outlet	
25	Support provided in a centre – group, DSQ (per place)	33.3 ³	791.0	39.2
36	Therapy and counselling – group (combination outreach, premises), DOC (per client) ⁴	22.7	181.5	26.7
10	Support provided at a centre – individual, DSQ (per place)	17.8	169.1	21.1
12	Therapy and counselling – individual/family, premises, DSQ (per client)	16.2	243.0	19.1
16	Coordination and case management, DSQ (per place and client)	11.8	236.0	13.9
26	Support provided in a centre – group, DOC (per client)	6.4	380.8	7.5
14	Therapy and counselling – individual, family, combination outreach, premises, DSQ (per place)	4.2	169.1	4.9
19	Individual advocacy, DOC (per client)	3.3	82.6	3.9
34	Therapy and counselling – group (premises) Men’s Perpetrator Program, DOC (per client)	3.1	77.3	3.6
15	Therapy and counselling – individual, family, combination outreach, premises, DOC (per client)	2.9	129.3	3.4
18	Individual advocacy, DSQ (per place and client)	2.4	108.8	2.8
40	Community development and systemic services, DSQ (per outlet)	-	144.0	169.4
38	Community development and systemic services, DOC (per outlet)	-	142.6	167.8

Notes: 1. Per place if place data are available; otherwise per client
2. Total expenditure = service delivery + 15% organisational expenditure, per place or client if data are available and relevant to the model; otherwise per outlet.
3. Per place high cost organisation
4. Medium cost organisation
- = per place or client not applicable to model type

The organisations were adamant that this current expenditure does not reflect the expenditure required to provide reasonable quality service for reasons discussed in the remainder of the report. They reported that services are not funded at full costs. Current expenditure reflects the restrictions of current funding and contracted service requirements. Most organisations have only limited access to other revenue streams to meet the gap between required expenditure and funding. They therefore adjust expenditure to meet minimum obligations by compromising quality or quantity of service outputs, discussed further in Section 4. For these reasons, historic expenditure is not an adequate guide to modelling future funding for reasonable quality service delivery types.

3 Analysis of Variation in Current Expenditure

Despite the limits of applying current expenditure to future cost modelling, it still remains useful to attempt to explain why the results show such variation between organisations. Further analysis of current expenditure is useful for informing questions about the current context of expenditure and funding; variation in expenditure between organisations; variation between service delivery types; and shortfalls between expenditure and the full cost of services.

This section analyses variation in service delivery expenditure between service delivery types and between organisations. Section 4 continues the discussion by extending the analysis to the consequences of the gap between both service delivery and organisational current expenditure and the full cost of services.

3.1 Process for Analysing Variation in Service Delivery Expenditure

Before presenting the results, this section explains the reasons for decisions on the process of analysing the variation in service delivery expenditure. The Funding Policy team categorised 40 service delivery types into eight clusters. During data analysis, the responses about the number of hours and frequency of client use varied within many service types. If the variation was too great, we split the definitions of service delivery type into more than one model (Appendix A). This process reduced the number of responses per service delivery type to such small samples that statistical analysis by service delivery type became impossible. It also indicated that analysis by service cluster was also meaningless because the characteristics of service use varied so greatly within the one service cluster.

A goal of the research was to examine the relationship between expenditure and characteristics of the service delivery type (service outlet size, client group, client cultural and language diversity, Indigenous clients, amount, frequency and support level). To that end, service delivery models were divided into two broad categories. One group comprised service delivery models where the differences in cost per client seemed explainable. They included accommodation settings (large and small); support services (individually based); specialist and therapeutic services (individually based); and support services (group or multiple clients). The second category comprised service delivery types where the data did not suggest any explanation in the differences in cost per client, including specialist and therapeutic services (group or multiple clients); community development; and information and referral. Other service delivery models had been defined, but we did not receive survey data about them (Appendix A).

The relationship between expenditure and various cost drivers was tested using regression analysis on the individual and group based service delivery models where cost per client could be calculated and is relevant. As explained above, the samples were too small to test within a service delivery type and too diverse to test within a service cluster. Instead two comparisons were made: models providing accommodation and all the other models; and service outlet size, with the expectation that large outlets might have lower costs due to economies of scale.

Table 3.1: Explanatory Variables of Service Delivery Expenditure

Variable	Coefficient	t
Constant	31,904	1.96
Per cent of clients using the service 8-24 hours	352.1	3.50
Per cent of clients using the service 3 or more days per week	275.2	2.74
Service delivery model – Accommodation = 0, other = 1	-13,672	1.47
Funded by DSQ or DOC – DSQ = 0	-15,311	1.16
Number of hours of information, referral, etc in a typical week	94.7	1.11
Non-contact hours as a percentage of contact hours	-241.4	1.06
Metro, regional, rural or remote – metro = 0	3,464	1.00
Per cent of clients Indigenous or culturally and linguistically diverse	-74.6	0.44
Clients are charged fees – yes = 1	-3,552	0.42
Number of volunteers used by the outlet	-265.4	0.42
Per cent of clients who also used the service one year ago	-43.5	0.32
Per cent of clients with medium or high support needs	11.6	0.12

Notes: $R^2 = 64.3$. Higher t-values, usually above 1, are significant. However in this study, since we know that actual expenditure does not equal the cost of providing the service, the true value of the coefficient is not as important. Of interest here are the relative values of the coefficients, which indicate the variables that most affect cost. Also of interest is the sign of the coefficient, which indicates the direction of the relationship between the variable and cost. For example we hypothesised that large service delivery outlets would have lower expenditure per client but found that instead they had higher expenditure. Further analysis showed that was because larger outlets have a higher proportion of services with characteristics associated with higher expenditure (Section 3.2).

The regression analysis explained about sixty-four per cent of the differences in expenditure per client ($R^2 = 64.3$). This high result indicates that some of the variables are probably related – the example of the relationship between outlet size and expensive service characteristics is discussed in Section 3.2. Reasons for limitations in the analysis include that some of the data required a subjective estimate. Respondents could have presented different figures even though the objective reality might be identical. In other cases the financial records may not have had the specific information requested and the manager might have made an estimate. The other explanation is that the survey failed to ask for information that would have explained the difference. A range of these causes probably contributed.

3.2 Factors Determining the Size of Expenditure Variation

The major factors that result in variation in service delivery expenditure for accommodation models and other service delivery models were hours of service delivery per day and the number of days of service delivery per week. Service delivery types other than accommodation have lower expenditure on average than other service types. DOC funded services were less expensive than DSQ, partly explained by DSQ funding the most expensive accommodation service types (Table 2.3) and more intensive services provided to DSQ clients, but comments on some of the surveys also suggested it might reflect a lower level of funding by DOC in some service delivery types.

The survey asked for the number of hours spent providing information in the prior week and the number of non-contact hours as a proportion of time spent with clients. The responses had a lower reliability as explanations of expenditure differences, probably because the responses required some estimation or even guesswork. However the analysis suggests that a higher proportion of non-contact hours is associated with less expenditure, possibly because they are a substitute for more expensive contact hours; whereas higher information hours adds to expenditure, perhaps because they are an additional responsibility.

Another factor that probably affected expenditure per client is the location of the service delivery outlet, with expenditure rising as the location is more remote. Although not statistically significant, the analysis shows a probable inverse relationship between expenditure and a higher per cent of clients who are Indigenous or culturally and linguistically diverse. This is consistent with the interviews and researcher observations, which identified poor levels of funding presenting quality and safety risks (discussed further in Section 4.4).

Lower expenditure was probably weakly related to higher use of volunteers. Charging fees and a high proportion of long-term clients are both also associated with lower expenditure but in all cases the effect was not statistically significant. Respondents in the interviews reported that using volunteers was usually not sustainable to provide core services (Section 4.1). The level of client support needs was insignificant as an explanatory variable, but positive as expected. That is probably because the responses about level of support needs were subjective and varied between respondents. Respondents also noted that assessing 'need' varies between DOC and DSQ.

The results of the size of outlet comparison, which were not statistically significant, showed that expenditure per client was higher in larger outlets. Initially it was thought that this could be explained if expenditure is driven by funds available, not costs: large outlets are more likely to have other sources of revenue. Further analysis, however, established other explanations for larger outlets incurring higher expenditure (Table 3.2). The sample was divided into outlets with service delivery expenditure of less than \$200,000 per year and ones with higher expenditure. Each sample was then tested against the largest cost drivers: funding by DSQ; rural or remote location; an accommodation service; clients needing attention eight or more hours per day; and clients needing assistance more three or more days per week.

Table 3.2: Percentage of Outlets with Higher Service Delivery Expenditure by Service Delivery Characteristics

	Small outlet (<\$200,000 p.a.)	Large outlet (>\$200,000 p.a.)
Funded by DSQ	42	63
Rural and remote locations	30	18
Accommodation model	11	50
Eight hours or more of service per day	15	41
Three or more days of service per week	45	88

The characteristics of service delivery explain the variation between service delivery expenditure in small and large outlets. Funding by DSQ, accommodation models, 8 hours of service per day, 3 or more days of service per week are all associated with higher expenditure and larger outlets. Rural and remote locations are associated with higher expenditure and smaller outlets.

4 Consequences of the Gap between Current Funding and Full Cost of Services

The interviews with organisation managers identified the following consequences of the gap between current funding and the full cost of services they are contracted to provide: compromised staff conditions; compromises to compliance and quality assurance activities; inability to respond to changed service needs; service delivery and management compromises from unfunded costs due to location; and service compromises from unfunded other administration and adjustment costs. They also described the reasons for limited alternative funding sources.

The consequences of the gap between current funding and the full cost of services apply to service delivery and management contracted responsibilities. The section discusses the consequences of the gap using information from the interviews and surveys, the literature review and a scan of other Australian jurisdictions conducted by the Funding Policy team. Each section includes data about the reasons, consequences and implications of the gap. Implications of the gap between expenditure and the full cost of services are summarised at the end of the section and discussed at the end of the report.

4.1 Compromised Staff Conditions

For most organisations that participated in the research, the worst consequence of the gap between current funding and the full cost of services is the impact on staff conditions, including the wage level and hours; the effect of staff turnover; and the affect on employment of qualified staff and restrictions to training due to cost. Section 2 showed that in most service delivery types staffing is the largest expense, therefore the gap between current funding and the full cost of services has the greatest impact on the relationship between staffing and compromised quality and quantity of services.

Organisations reported the expenditure on paid service delivery staff and paid organisational staff, total wages, salaries and on-costs (Table 4.1). Salaries vary widely for both service delivery and organisational staff. The differences are due to awards, job content and professional distinctions. Another difficulty for comparing labour expenditure is the large number of part-time and casual workers within each organisation, also due to the job content and hours, shortage of staff and work conditions.

Table 4.1: Average Labour Expenditure (full-time equivalent)

	Wages, salaries and on-costs per employee - \$		
	Average	Low	High
Service delivery staff	44,284	23,684	91,148
Organisational staff	46,527	23,750	83,435

Note: Excluding outliers

Wages and conditions

Wages and conditions are affected by current funding and industrial conditions. This section separates the problems relating to the gap between current funding and full cost of services (such as paying below the appropriate award level and employing at a lower level of skill or for fewer hours than required for the position), from the larger problems caused by the industrial conditions relative to other industries (such as award rates of pay, award levels or

conditions too low to attract and retain staff sufficiently qualified to fulfil the service contract requirements). Funding policy decisions do not directly affect the second set of problems but may need to take account of the indirect cost impact of this context, as explained below.

Impact of current funding

First, organisations discussed the gap between funding for entry level staff and the cost of employing experienced staff to fill the requirements of the position. Organisations reported that most funding agreements only include funding levels for staff salaries at the entry level of the award scales. This does not meet the costs of experienced staff required for some positions. They gave examples such as that the funding only covers staff costs at basic SACS award levels. Dept of Communities funds at CASH level 2.2, below the experience and education level of experienced staff and responsibilities required for the position. CASH awards also do not include overtime, which organisations need to apply to cover staff shortages discussed below.

Second, they gave accounts of gaps between funding for part-time positions and employing people casually. In the cost survey, 20 per cent of organisations reported that they rely heavily on casual staff to meet the demands of split shifts and out-of-business hours demand, which they cannot fill with part-time positions because the conditions are not sufficiently attractive. This pattern of employment is particularly common in disability support services. The National Disability Services (NDS, 2007: 4) report found that the majority of direct service staff are employed on a part-time or casual basis. According to the NDS research, DSQ funds part-time rates but organisations often employ casual staff due to the odd hours of work. They sometimes have extra revenue to support the cost difference or have to adjust the pay level or hours of care. However, DSQ reported that if a budget proposal includes and successfully argues the case for casual staff costs, it can be funded.

Third, they described the gap between number or type of hours funded and required for both service delivery and administration to fill contract requirements. Two agencies providing respite care spoke of the client need for awake staff overnight but that they only get sleepover funding. This means that the level of care is compromised, presenting risks to the clients and staff. One organisation described an example of differences between the funding and expenditure on the hours and wage rate for administrative support,

In this service, there is a huge administrative load, but the Department will only provide funding for a 0.25 administration position, which is 1 day a week, at SACS level 2.1, \$16 an hour. [The organisation] cannot recruit/retain for that, so they have found the money to pay someone at level 4 SACS for 30 hours a week.

The consequence of these three gaps is that sometimes organisations employ staff at a lower level of skill and experience than required for the position, pay below award wages or apply revenue from other sources to the contracted services if it is available. The first two responses can compromise quality and staff stability. Some organisations reported that they pay below minimum award wages to manage costs within the current funding level. Organisations in remote and Indigenous communities report extremely poor pay rates compared to the sector as a whole. Organisations said their pay increases must be covered from other sources of revenue if they have any or compromises in quality or quantity of service outputs are made.

Conditions relative to other employment

The consequences of the gaps between current funding and full costs described above are aggravated by the industrial relations context. Changed funding arrangements would not change this context directly. Two aspects of the industrial relations context accentuate organisations' problems managing the staff conditions funding gap, discussed below: conditions for NGO employees are lower than conditions for government employees in similar positions; and their conditions are also lower than similarly qualified staff in other sectors. These aspects affect staff recruitment and turnover, compromising service quality.

NGO awards are lower than equivalent State Government positions. During the interviews, managers said many staff leave to gain higher paying equivalent jobs in the State Government. The gap between NGO workers and peers in local and State Government is replicated in the higher wage levels of community workers in other OECD countries such as New Zealand, United Kingdom, France and Canada (Queensland Industrial Relations Commission, 2007).

A Queensland Industrial Commission (QIC) 1999 Inquiry into pay of the Social Services Sector found that 20,000 people were employed in the industry; 85 per cent were female; 20 per cent of staff were casual and 56 per cent were part-time. This has implications for training, experience and continuity, which affect quality. The average direct care worker weekly wage in Queensland was \$400 in 2006. This compares unfavourably with Western Australia where the average weekly wage in 2002 of disability support staff was \$665 (ACROD, 2006). Currently, average weekly wage in Australia is \$1124; health and community services wage rates are 97.0 per cent of full-time adult ordinary time earnings but average total earnings in the sector are only 88.6 per cent of the average because of the high proportion of part-time and casual positions of the sector (ABS, 2008: Table 10). Managers also report that they face increasing staff competition in rural areas from industries such as mining with better pay and conditions.

The options for funding policy decisions include responding to the problems caused by reported gaps between current funding and cost of services. They include funding at award levels appropriate to the responsibility and experience required for reasonable quality service; funding at casual rates if part-time positions are unlikely to be filled; and funding for sufficient service delivery and administrative hours to fulfill contract requirements. In addition, to improve service quality associated with staff continuity and experience, funding decisions might also respond to the likely staffing costs associated with difficulties recruiting staff and high staff turnover, discussed further below, caused by the poor industrial conditions relative to other employers and industries.

Staff turnover

Related to staff conditions is the cost of high staff turnover, which further contributes to expenditure through replacement costs (recruitment, transfer, training and supervision). All but one organisation talked about the difficulty recruiting and retaining service delivery staff.

Average staff turnover across all industries in Queensland is 12.6 per cent (AIM, 2008). National Disability Services (2007) estimates Queensland disability worker turnover is 21 per cent. An ACOSS (2007) survey found that turnover in Queensland in the social service sector was 23 per cent with 63 per cent of respondents saying they had difficulty attracting suitably qualified staff. The research survey results showed even higher turnover than each of these

other studies: 31 per cent of staff had been with the organisation less than 1 year; 33 per cent had been with the organisation less than two years. That implies an annual turnover of more than 47 per cent (31 plus half of 33). Only 40 per cent of staff had been with the organisation three years or more. In contrast to the high turnover of service delivery staff, only two of the managers interviewed had been with the organisation less than 10 years and many had been in the role of manager for that period. They did not explain this contrast.

The combination of the better conditions elsewhere and the compromises to conditions and service quality affects organisations' ability to recruit and retain staff. This is particularly noticeable in relation to younger workers. This is a major problem as supported employment services, respite services, disability network services, community support services and community access services are over represented in the 51-60 year old age group of workers (NDS 2007b). Retirement is also expected to affect staff turnover. NDS (2007) found that 54 per cent of organisations expect 1-5 per cent of staff to retire in the next twelve months.

In addition to poor wages and other employment opportunities in a tight labour market, staff turnover is exacerbated by the lack of career path for staff, especially casual staff and staff in remote and Indigenous communities. Funding at low award levels aggravates this problem. Managers reported high burnout in front line staff, especially where they operate in a single person environment, which was often in rural settings. Examples of how they tried to retain staff were that one organisation offered massage vouchers; 75 per cent offered flexible work hours; and all claimed to be family friendly allowing staff time off to attend school functions. The lack of ongoing training and forums to develop cooperative initiatives were seen as factors contributing to turnover.

The impact of high staff turnover is increased expenditure on recruitment, training and supervision and lower quality services, such as a lack of continuity, lost opportunities for skill development and empty positions.

Qualified staff and training

The third employment related consequence of the gap between funding and the full cost of services is difficulty recruiting, paying and retaining qualified staff and providing on the job training due to insufficient revenue. Managers said they cannot attract staff with sufficient qualifications and experience. Queensland is experiencing a shortage of qualified staff, some organisations do not have sufficient funds to attract and retain qualified staff and some organisations do not have the capacity to provide sufficient ongoing training.

For some service types, organisations need to recruit highly trained or experienced staff able to deal with the specific needs of the program. The shortage of qualified staff affects the quality of service, especially when the clients have complex needs such as homelessness, which can involve other support needs such as mental health or drug dependency. One organisation said that they lose their trained staff to the higher paying Government Department and the field for potential recruits they can attract with their limited funding do not have the appropriate training or skills.

NDS (2007) found that 30 per cent of organisations allocate less than 1 per cent of revenue to staff training. Managers interviewed during that research said this was because most support and training costs are not included in funding agreements. They did not explain whether this was due to rules excluding training costs or whether they did not request funds for training costs. Training costs are particularly difficult for organisations outside the metropolitan areas

because they have to pay for the training, replacement staff, travel and accommodation. Managers said they usually have to source funding themselves for travel and accommodation to training run by State Government, which is generally held in coastal locations. They did not comment about whether this was different to other industries. One organisation suggested that they would like to offer traineeships and apprenticeships as a way of providing a career path. This could be supplemented by appropriate TAFE based courses.

Approximately 80 per cent of the organisations spoke of compromises from lack of funds for training having a negative effect on the quality of service delivery. They stated that they needed to use training to mitigate the lack of skills in new recruits, particularly since they use a high proportion of casual staff. The areas particularly highlighted were in the areas of disability support, domestic violence and advocacy. In addition managers in nearly all the smaller organisations said they did not have funds for sufficient management training, specifically in the areas of human resources, information technology and the development of a more corporate approach to management.

The consequence of the gap between current funding and the full cost of services on qualified staff positions and training includes increased staff turnover costs, compromised service and management quality and risk.

Volunteers

The final staff related cost is the use of volunteers. Less than half the responding organisations (17) organisations use volunteers in some way. The majority of volunteers do not replace paid staff positions. Approximately 35 per cent of organisations did not use volunteers as a matter of principle. Managers in two organisations said the hours that volunteers are available are not appropriate for the organisations needs. They said unemployed people and students often would only stay a finite length of time, which is a problem for training, experience and continuity of support.

Some organisations, generally in rural areas, actively encourage volunteer staff because they make a valuable contribution to the organisation that they cannot fill from paid staff. Most (75 per cent) however, only use volunteers to add value to a service rather than replace a paid job. The effect of that approach to using volunteers is that it has little effect on reducing expenditure because they do not replace paid staff and paid staff must be employed to manage volunteers. A possible exception is in rural areas where some organisations use volunteers to cope with the extreme labour shortage. This does not address the same difficulties of managing paid staff to ensure quality service delivery, including training, support and continuity of care.

All organisations using volunteers spoke of the difficulty in recruiting volunteers due to more people working fulltime. Nearly all organisations have volunteer management boards, sometimes also providing legal and financial advice.

4.2 Unfunded Costs of Compliance, Reporting and Quality Assurance

A second consequence of the gap between current funding and full cost of services is that some organisations compromise their completion of compliance, reporting and quality assurance requirements because the full costs are not covered in current funding. These costs relate to DSQ and DOC requirements, which is the subject of this research. However, some also relate to other government funding requirements and other business, organisation and

employment requirements, which cannot be solved by changes in funding policy, discussed further below.

As the regulation of quality of services has improved, compliance costs for organisations have increased. They reported a number of increases in compliance costs that have not been reflected in changes in the level of funding:

- in some cases, no administrative allocation for compliance reporting;
- inefficiencies in reporting eg. multiple government agencies, multiple reports per year; and
- transition expenditure to adapt to changes in compliance with reporting and quality standards.

Half the organisations (50 per cent) reported that compliance creates a large cost without any funding allocation to cover it. Medium and large organisations were particularly vocal about this. The Working Together report (DHS & SACOSS, 1999) recommended the level of detail required in reporting should reflect the size of the organisation and the size of the funding grant. Unwin (2005) notes the one size fits all type of reporting can put considerable burdens on smaller organisations,

They [funders] know they want to fund in order to make a difference. They know they want to fund organisations that are well-managed. They recognise that measurement is an important but difficult aspect of management in any public policy area. Yet they want to support organisations and do so in a way that enables them, rather than hinders them.

All states and territories require reporting and the production of Key Performance Indicators (KPIs). Reporting was usually half yearly. Internationally, some funding agencies have moved away from tracking every dollar to a more community outcomes based 'value for money' type of reporting as outlined in (<http://national.unitedway.org/outcomes/>). New Philanthropy in the UK is an organisation which advises on how to assess risks and capacity to cope as well as outcomes. Indeed in the US in particular there is a growing collaboration between funders and NGOs to agree evaluation methodology. A two year study of contracting out in the UK noted that accountability tended to be more rhetoric than reality. DeLeon (1998) recommends that accountability should take into account, the organisation's purpose, the clarity of the goals set for the organisation, and the level of consensus of means to achieve the goals. Clearly accountability is most successful when goals are negotiated and outcomes agreed between the funder and the provider. Findings about tension over reporting are similar to studies carried out in Canada.

There is a tension between the funding agencies and the recipient organizations over reporting. The funder wants to ascertain that the funds are used in the way prescribed, whilst the recipient organization requires a degree of flexibility to use funds as needed at the local level (Canadian Council for Social Development, 2006)

Following new regulatory frameworks, many organisations (75 per cent) said they were struggling with implementation in terms of time and appropriately qualified staff to assist. Whilst organisations recognised the need for quality assurance, they said they had not

received additional funding to implement new standards, with the exception of the DOC one-off grant of \$7,000. DSQ advised that approximately \$15.9 million has been provided to support non-government services during the development, implementation and maintenance of their quality management systems, although NGO managers did not mention it.

The literature review and survey found that the proportionate cost of carrying out quality control in smaller organisations is more than in larger organisations (Ryan et al, 2008). Managers themselves perform the role of quality control in smaller organisations, which increases the costs because of their higher salary. The field researchers commented that despite the commitment and goodwill of staff, especially outside the urban areas, organisations either reduce the quality or quantity of services to meet the gap between these costs and funding of compliance activities, such as accreditation.

Over 30 per cent of organisations reported that they reported to more than one quality control regulator. They suggested one regulatory framework for all State Government departments. Another problem was reporting on more than one program, often for different time periods. The Queensland Services Futures Forum (2008) calls for streamlined regulations and reporting across the whole of the State Government. It also supports common definitions of performance indicators and streamlining of reporting to only deal with accountability. The report recognised the amount of reporting was at best onerous and at worst did not provide for good governance.

The consequence of the gap between current funding and the full cost of these activities is that organisations either spend funds intended for service delivery expenditure on compliance activities, presumably compromising service delivery quality and quantity; or they do not complete compliance activities to the standard expected by the funding agencies.

Solutions to address the causes of these costs discussed in this section cannot be addressed within the funding policy that is the subject of this research. However, the implication for funding policy decisions is that until these reasons for higher costs are addressed by other parts of Queensland Government contracted services policy, organisations delivering DSQ and DOC funded services incur these costs for contracted services, which may compromise service quality or quantity or compliance quality unless the cost of the activities are included in the funding contract.

4.3 Inability to Respond to Changed Service Needs

A third consequence organisations report about the gap between current funding and the full cost of services is that they are often unable to respond to changed service needs. However, most of the inflexibility is due to contractual arrangements and separate mechanisms for expansion, rather than due to the gap between funding and the full cost of services. This section isolates inflexibility due to the funding gap from inflexibility due to other contractual arrangements or constraints on expansion. The former funding gap constraints affect ability to respond to changed service needs within the same contracted service outcome. The latter constraints do not relate to funding policy decisions, but relate to the funding context only.

Inflexibility from the gap

Indirectly, the gap between funding and the full cost of services leaves organisations without room for financial flexibility to respond to changed service needs, except by compromising quality or quantity of services. An example cited included a service that has increased case management loads because of an increase in demand, without an increase in funding. One

service said, 'We are in chaos, we are in crisis mode.' They had not taken the alternative strategy of not responding to changed demand.

In contrast, organisations that receive federal funding commented that the funding for these service types has enough revenue to spare to improve or develop the service. Another example is that Victoria Government funding allows for additional funds to respond to greater demand in complex cases. For example, their Day Programs and Futures for Youth programs have multiple unit pricing in recognition of client complexity and intensity of service.

Inflexibility from the contractual arrangements

However most of the constraints on responsiveness do not relate to the gap between the current funding and the full cost of services. Rather they are due to rigid contractual arrangements. Indirectly, this problem also affects organisations' ability to respond to the funding gap – one impact of inflexible contract arrangements is that organisations cannot resolve gaps between current funding and full costs of services by moving funding between items.

Organisation managers cited distortions in expenditure and service delivery from funding rigidities that prevent them responding to changes in service needs. They referred to problems such as funding that is not adjustable for innovation and the development within a service type; accounting requirements that discourage flexibility between line items within a service type to respond to unanticipated expenditure; and slow or no mechanisms for renegotiating funding to respond to changes in client needs, either by modifying service delivery types or expanding the quantity of service delivery.

The Queensland State Government Funding Reform report (2003) noted that funding methods were too prescriptive and resulted in unmet need. The report called for a more flexible approach to funding. It noted that Queensland had injected a large amount of money into disability services but it was starting from a lower base than other states. The report also noted that NGOs wanted a mixture of block funding coupled with individualised funding to cover organisational costs and individual costs. The survey respondents in the research said block funding gave organisations flexibility to move money between line items as required, whereas individual funding packages limited an organisation's ability to develop services further. Nearly half the organisations (45 per cent) wanted a mechanism to allow block funding to be moved between different service types. The managers thought this would give the provider some flexibility to respond to service needs.

More than 50 per cent of the respondents said that DSQ and DOC are inflexible with funding. They said they have no capacity to move funds between service outlets in the same region that provide the same service type. This limits the ability of organisations to respond to changed demands from clients. For example, one regional community centre would like to establish a grief centre to cater for the large number of suicides but their funding contract is locked into provision for existing services. One manager spoke about wanting to spend the service delivery funding more strategically, but is constrained by rigid funding guidelines. Managers said the current funding methods often require rigid application to service specifications and do not facilitate innovation.

Other constraints on expansion

The third constraint on responsiveness is also not related directly to the funding gap. Current funding methods do not include capacity to meet changes in demand. Most funding agreements do not include provision for expansion, including expanding the provision of existing services or changing to provide new service types. The Funding Policy team reiterated that this is because funding is only provided for the service type and quantity that was specified in the agreement. Existing funding agreements do not cover new demands or unmet demand. In other states, only New South Wales allows for additional funding within a service contract specifically to expand the service.

Organisation managers discussed lost opportunities to respond to client needs. For example, they describe how they fund a new initiative, such as starting a new support program, until the State Government approves its viability. The timing of new funding allocation does not coincide with approval to start to develop a new service type, so some NGOs find alternative funding sources for the first six to twelve months.

Eight organisations reported that they would modify service delivery to meet increasing demand for their service if they had more funds. They gave the example that domestic violence services need to provide more education in the community to increase prevention. Other organisations spoke of doing more outreach services into rural and remote areas. One organisation spoke of wanting to collaborate with other NGOs to research more innovative ways of providing services to the disability sector. Five organisations reported they are unable to provide adequate infrastructure to support a new service because the funding does not cover the setup costs.

4.4 Service Compromises from Unfunded Location Costs

The fourth consequence of the funding gap is service compromises experienced by some organisations outside of main centres to unfunded additional costs relating to transport, property and equipment maintenance and access to qualified staff. As a consequence of these unfunded additional costs, they reported that service quality and quantity is sometimes compromised. Travel costs included the costs in general for service delivery and organisational support and costs of travel to training located in coastal areas. Fuel price increases have affected organisations in country areas. Most organisations (70 per cent), rural or urban, reported moving to smaller cars. The rural and remote organisations reported that funding has not been adjusted for their increased expenditure on transport costs.

The second major cost in non-metropolitan areas is the difficulty attracting appropriately qualified, trained and experienced staff in service delivery and organisational management. In some smaller organisations and in Indigenous organisations the lack of access to appropriate financial managers means that good audit trails are often not maintained. Indigenous organisations reported that the lack of training is impeding the development of viable ongoing services. Some managers said their organisations are operating with staff in senior positions who were not qualified or trained to hold those positions. They complained that organisations receive inadequate support for the organisation to gain accreditation. One manager commented that they could only prioritise training that was mandatory for the organisation to maintain accreditation. They gave the example of the privately run program, Learning Workshop, as a good model for mentoring workers in remote communities. Of particular concern were two rural organisations allowing staff to work as single practitioners.

Both organisations had these staff in frontline services dealing with clients or visiting their homes. This presents risks to both the clients and staff.

Poor or no building maintenance appears to be a particular problem for remote organisations, even if the building is government owned. Sometimes this is a funding problem and sometimes it is due to government maintenance practices, lack of materials or lack of tradespeople. Indeed in some places the result has safety implications. For example, a domestic violence support service reported reduced capacity to provide ongoing support because the premises were unsafe and could not be secured against intruders.

Organisations supporting Indigenous communities reported that they operate at near breaking point with no qualified community workers. Managers reported that in remote Indigenous communities in particular, they have a sense that the State Government needs to provide more financial support for infrastructure, staffing, training and management support to deliver the services effectively and at reasonable quality. They thought government funding for Indigenous services in remote areas needs to be reviewed in terms of providing support to train existing community workers, support training initiatives and to attract appropriately qualified community workers experienced in working in remote Indigenous areas. They suggested government support for group and peer support for Indigenous workers through regular meetings to develop initiatives for Indigenous-focused services. Each of these suggestions has implications for government funding or government management support, either directly in service contracts or indirectly in supporting the organisations that provide the contracted services.

The impact of location on expenditure of organisations outside the metropolitan regions is that while funding is similar (or possibly lower, as evidenced in Section 3.2), full costs of transport, staffing (recruitment, training and staff turnover) and maintenance are higher. Remote Indigenous communities reported that additional costs are not reflected in current funding. The service delivery analysis found service expenditure in these communities to be lower, probably constrained by the funding provided. As a consequence of the gap between the current funding and the full cost of services, rural and remote managers gave many examples of negative effects on quality and quantity of service delivery and organisational management.

4.5 Other Adjustment and Administration Costs

The final financial problem reported by organisations was due in part to State Government funding agreements that do not meet the total cost of services, including direct service delivery costs and other organisational administration costs. The consequence they discussed is that if the organisation does not have alternative revenue to cover these costs, service quality and quantity is sometimes compromised. In addition to the consequences of the gap discussed in more detail earlier in the section (staffing, compliance, flexibility and location), they identified the following aspects of costs are not fully funded:

- adjustment for inflation or changes in wage awards;
- general infrastructure and administrative support; and
- cost of time spent applying for funding grants.

Nearly half of the organisations (45 per cent) said that funding did not include Consumer Price Index (CPI) increases. As a result they have to adjust their expenditure to meet the shortfall in funding. According to the Funding Policy team scan of other Australian

jurisdictions, all other states provide for CPI increases. Victoria provides an automatic increase. Other states also include exceptional cost increases, such as wage round increases. The Funding Policy team advise that in Queensland additional funding is allocated annually to funded non-government service providers through indexation.

Many organisations spoke of the lack of funding for administration and infrastructure, including equipment modification, training (Section 4.1) and professional accounting and management support for staff. One of the interviewers noted that many of the managers had 'grown' into the position of manager, without management training and were now required to run a business model for which they had little or no training. This was particularly relevant for rural and remote services. These managers are dedicated and hard working but did not have the managerial skills required of organisations with a large budget. They commented on the direct impact on the quality of services from compromises in the quality of their management staff, systems and equipment. They said they are unable to provide the appropriate planning and support structures these organisations require. One organisation had a coordinator position approved by DSQ but without funding for the position. Three rural managers said they spent funds intended for service delivery to meet government administration requirements. One manager said,

You lower your standards when you can't get the money, you build a paddock around yourself and can't get out. The challenge in rural areas is to have a dialogue to look at real change.

Smaller organisations in particular noted their lack of funds for skilled financial management, which exacerbated problems within the business. This was particularly apparent in organisations in rural and Indigenous communities where the staff learned financial management on the job. The SNOW Report (Bradfield et al, 2004) looked at smaller organisations in the Blacktown area of NSW. The report concluded that smaller organisations were vulnerable in regards to the competency of financial management, administration systems and personnel management. It noted that many smaller organisations had inadequate IT systems compared to larger organisations. The small organisation managers reported that they cannot replace old computers or cover the cost of networking and IT support. They said these costs are not funded by DSQ or DOC, so the small organisations use old equipment and find support from volunteers.

A specific shortfall managers discussed was time writing tender responses and grant applications (65 per cent of respondents). They said this often involved the whole organisation and in the case of smaller organisations took time away from client services. Ryan et al (2008) measured the time Queensland NGOs spend writing grants, estimated at 1.74 per cent of total costs.

The impact of these gaps is that the organisations reduce the quality or quantity of service outputs. Examples include an organisation that reported that it now only accepts new clients who have a funding package. They are unable to support other potential clients identified as needing help within their existing block funding. Another organisation has reduced crisis beds and medium term accommodation facilities. Several organisations providing respite services spoke of inferior or 'make-do' equipment because they do not have sufficient funding to provide adequate equipment in their funding. One service providing respite spoke of a 30 per cent increase in demand.

Ways that other states address these gaps include that in Victoria, reporting includes free text responses to KPIs to allow organisations to report any funding difficulties and suggestions. The purpose is to stimulate government responses and more flexibility for innovation and expansion (Campbell, 2001). Bradbury's (2002) research suggests formulae for assessing changes in demand and cost drivers for disability services. These are based on changes in population and specific groups requiring disability support; and demand for services, new forms of support, changes in new technologies and methods of supporting people with disabilities. The formula for determining financial support for disability services is based on a one off increase in funding followed by an annual increase based on CPI, staff wage increases and external price increases.

4.6 Summary of Implications of the Gap between Current Funding and the Full Cost of Services

Organisations identified many gaps between current funding and the full cost of services and discussed the consequences of the gaps for the quantity and quality of service delivery of contracted services. The consequences of current level of funding included:

- compromised staff conditions with an negative effect on wages and conditions, high staff turnover and limited training and qualifications;
- incomplete compliance, reporting and quality assurance requirements because the full costs are not covered in current funding. Some organisations use funding intended for service delivery on these administrative activities;
- inability to respond to changed service needs within the same contracted service outcome. This problem is exacerbated by rigid contractual arrangements and separate mechanisms for expansion;
- compromises in quality and quantity of service delivery and organisational management from unfunded higher costs related to locations outside the metropolitan area, including transport, staffing and maintenance; and
- compromises in quality and quantity of service delivery and management from other costs not fully funded in government funding contracts, including adjustments for wage changes; infrastructure, equipment and administrative costs; and the cost of applying for funding.

Despite these consequences of the funding gap, the managers also explained they had limited alternative revenue sources to meet the shortfall between the level of funding and the full cost of services (Section 5). The impact for many organisations is that because they have assessed that they do not have access to alternative revenue sources to apply to Queensland Government contracted services, the quality and quantity of services are compromised. A costing methodology for the full cost of services at a reasonable quality as defined by the service contract and funding program to be developed by the Funding Policy would need to address the full cost of services.

5 Funding Sources

5.1 Total Funding Sources

Whereas managers identified many reasons for the gap between expenditure and the full cost of services, they also reported that most organisations had limited alternative funding sources for the service types contracted by DSQ and DOC. Government grants provide three-quarters of all funding for reporting organisations (Table 5.1).

Table 5.1: Percentage of Funding by Source of Total Revenue and Total Government Funding

	Number of organisations	Per cent of revenue		
		Average	Low	High
Government grants to total revenue	28	74	56	100
DSQ and DOC grants to total government funding	26	55	-	-
DSQ grants to total government funding ¹	14	70	2	100
DOC grants to total government funding ¹	17	49	2	100

Note: 1. For organisations that receive DSQ or DOC grants. The percentages total more than 100 per cent because some organisations receive both DSQ and DOC funding plus funding from other sources.

On average, government grants are the bulk of all funding for most organisations. DSQ grants average 70 per cent of government funding for organisations that receive DSQ funding. DOC grants average 49 per cent of government funding for organisations that receive DOC funding. The range for all categories is very wide, some organisations only receiving government funding, and only from DSQ or DOC. In addition to funding from other sources, most organisations only receive either DSQ or DOC funding, not both, because they provide service delivery types specific to one of the government departments.

Table 5.2: Percentage of Total Funding by Source

Funding source	Number of organisations with source	Average per cent of total funding ¹	Average per cent of total revenue	Net number of organisations with increased funding from funding source ⁴
DSQ and DOC grants	25	61	55	
DSQ grants	14	56	28	2
DOC grants	17	45	29	4
Federal government grants	17	27	17	1
Other Queensland grants	18	11	8	3
Business ²	9	10	3	1
Brokerage ³	5	6	1	6
Client fees	15	8	4	1
Fundraising	15	6	3	3
Local government grants	6	2	0	2
Various other	12	14	3	8

Note: 1. Average for organisations that received any funding from each source
2. From government and other sources
3. Gross revenue from all business activities, including service related and other
4. Net balance of organisations (see text) reporting an increase in revenue from each source in the last 5 years

5.2 Alternative Revenue Sources

Funding from government sources was significantly higher than from other sources. This is evident from the comparative information on sources of funding as a proportion of total funding by source (Table 5.2). The table includes organisations that receive DSQ or DOC funding and additional income from other sources. Even for the organisations that receive funding from other sources, the proportion of their funding from each source averages less than 10 per cent. The ACOSS survey (2006) found that 12 per cent of revenue for Queensland NGOs was from sources other than government and client fees.

Of the twelve organisations that reported income from various other sources, eight cited investment income (interest, dividends, rent). A ninth organisation reported 24 per cent of income coming from various other sources that seemed to be mainly other business type activities. Lotto, Scratchies and the spread of poker machines have all but eliminated lotteries as a source of funding for NGOs. Only one organisation reported receiving funding from lotteries and that was only one per cent of its income.

When the organisations were asked about their sources of finance, they were also asked whether their revenue from each source had increased, decreased or remained the same. A net balance (the number reporting an increase minus the number reporting a decrease) of at least one reported an increase in revenue from each source.

A net balance of eight organisations reported an increase in revenue from various other sources; six reported an increase from brokerage; and three from fundraising. Of the government funding sources, a net balance of one reported an increase from the Federal government, two each from DSQ and local government, three from other Queensland sources and four from DOC.

Fourteen of the twenty-eight organisations surveyed reported receiving income from fundraising. Eight of these fourteen organisations reported receiving grants from DSQ; seven from DOC. (One organisation received grants from both DSQ and DOC which is why the total is fifteen, not fourteen.) Ten of the fundraisers reported grants from other Queensland Government sources and nine reported grants from the Australian Government. Of the non-fundraisers, eight reported income from each of these sources. The fundraising organisations were, on average, much larger than the others. Average expenditure was \$37.16 million per annum compared to \$9.88 million per annum for non-fundraisers. Furthermore, the average DSQ grant to fundraising organisations was \$9.04 million compared to \$0.89 million. However the discrepancy in DOC grants was much smaller: \$1.27 million per annum to fundraisers compared to \$1.14 million to the other organisations. Eleven of the fourteen fundraising organisations were located in metropolitan or regional centres. Two were in rural locations while one was in a remote location. The water is muddied, however, because the largest (by expenditure) fundraising organisation reported service delivery outlets in metropolitan, regional and rural locations while the second largest organisation had outlets in remote locations as well. Six of the fundraisers also reported income from business activities compared to three of the non-fundraisers.

For the organisations reporting income from fundraising, the average was 6.1 per cent of revenue. However eight of the fourteen fundraisers reported income of less than 6.1 per cent per annum; the average for those eight was less than 2.8 per cent per annum. When the reported percentage of revenue is applied to the organisation's reported total revenue, the average for the group of fourteen comes to just over \$3 million. That result, however, is even

more skewed than the percentages. For four of the organisations fundraising revenue exceeded \$2 million but for nine others that revenue was less than \$60,000 and the average for those nine was less than \$34,000. Furthermore, a high percentage of revenue from fundraising did not always imply a high level of revenue. For two organisations that reported receiving fundraising revenue of 15 per cent and 10 per cent, the amounts raised were \$49,000 in the previous year and \$27,000 respectively. The data seems to imply that certain conditions are necessary for fundraising to be a significant source of revenue. The available information does not make clear what these circumstances are.

In summary, NGOs report limited opportunities for fund raising for most organisations (except large ones or one-off opportunities). They generally apply other income sources to non-contracted services. Most organisations depend on federal or state funding for their services, especially the smaller organisations. This is due to the incapacity of the organisation to develop branding for fund raising, or create other revenue streams from developing for profit businesses. Opportunities for philanthropy are limited and tend to be for one-off crisis response.

Some of the organisations (30 per cent) interviewed were trying to reduce their dependence on State Government funding by running commercial businesses to supplement funding. These included running training consultancies, running literacy programs for the mines, partnering with other businesses and room hire. As well as increasing revenue from some business activities, the businesses also incurred financial, time and management costs. The organisations said revenue raising from alternative businesses opportunities created management problems for them, such as taking staff away from the core business, and they doubted the financial viability of continuing to do so.

Organisation managers commented that fundraising from the community was no longer viable as a source of major funding. Specific activities such as Christmas presents for needy children could generate donations. Again, they felt that these fundraising activities distracted them from core business and were not necessarily financially efficient. Three organisations commented that when staff time was factored in, fundraising was not profitable. Two organisations providing disability services commented that their services were less marketable for charity donations than other organisations. Other organisations opposed a charity model for contracted services. In conclusion, with few exceptions, most organisations reported that they do not have substantial alternative funding sources for Queensland Government funded services.

5.3 Client Fees

Fifteen of the twenty-eight organisations surveyed reported receiving income from clients (hereafter referred to as fees). Eight of these fifteen organisations reported receiving grants from DSQ; ten from DOC. (Three organisations received grants from both DSQ and DOC which is why the total is eighteen, not fifteen.) Eleven of the fee chargers reported grants from other Queensland government sources and twelve reported grants from the Australian government. Of the non-fee chargers, seven reported income from other Queensland government sources and five from the Australian government.

The fee charging organisations were, on average, much larger than the others. Average expenditure was \$39.7 million compared to \$4.8 million for non-chargers. Furthermore, the average DSQ grant to fee charging organisations was \$6.54 million compared to \$3.2 million. The discrepancy in DOC grants was smaller (\$1.4 million to fee chargers compared to \$0.9 to

the other organisations) but still significant. Despite those generalisations, some of the fee charging organisations were small.

Eleven of the fifteen fee charging organisations were located in metropolitan or regional centres. Three were in rural locations while one was in a remote location. The largest organisation (by expenditure) fee charging organisation reported service delivery outlets in metropolitan, regional and rural locations while the second largest organisation had outlets in remote locations as well.

Seven of the fee chargers reported income from business activities compared to two of the non-fee chargers. Ten of the fee charging organisations received income from fundraising compared to four of the non-chargers.

For the organisations reporting income from fee charging, the average was 7.6 per cent of revenue with a range of 1 to 32 per cent. Given that wide range, it is not surprising that six fee chargers reported income of 9 per cent or more; the average for those six was 14.4 per cent. On the other hand, nine reported income of 6 per cent or less with an average of 3.0 per cent. When the reported percentage of revenue is applied to the organisation's reported total revenue, the average for the group of fifteen comes to \$3.7 million. That result, however, is even more skewed than the percentages. For three of the organisations fee revenue averaged \$17.2 million but for the twelve others revenue from fees averaged just \$377,000. If two organisations with fee revenue of more than \$1 million are excluded from that latter group, the average for the remaining ten was \$72,000.

The survey of service delivery types indicates that 14 of the 32 outlets with accommodation support charge fees. Only ten of the sixty-nine other service delivery outlets charged fees. The service delivery survey did not ascertain the proportion of revenue from accommodation support fees. The ACOSS survey (2006) found that 13 per cent of revenue for Queensland NGOs was from client fees.

6 Implications for Policy

This research has reported current service delivery and organisational expenditure data for 30 service delivery types funded by DSQ and DOC and delivered by NGOs. The quality of the data is limited because of the small sample and differences in financial management in the NGOs. However the analysis is sufficient for informing questions about the current context of expenditure and funding; variation in expenditure between organisations; variation between service delivery types; variation between service characteristics at different service delivery outlets; and shortfalls between expenditure and the full cost of services. The report has drawn conclusions about reasons for variation in expenditure based on surveys and interviews with the NGO managers and comparative literature in Australia and internationally.

The analysis shows that service delivery expenditure varies between service delivery types and within each service delivery type. The most statistically significant reasons for variation are the number of hours and days of service per week (service delivery types could not be compared on a common unit of time because the data were not that precise and the meaningful unit of time varies between service delivery types). Weaker reasons for variation include the service type (non-accommodation type services lower); funding agency (DOC lower); number of hours information or referral (more hours, higher expenditure); proportion of non-contact hours (higher proportion, lower expenditure); location (more remote, higher expenditure); proportion of Indigenous or CALD clients (higher proportion, lower expenditure); client fees (charge fees, lower expenditure); number of volunteers (more volunteers, lower expenditure); continuity of clients (more stable, lower expenditure) and level of client support needs (higher level, higher expenditure). Most of these relationships are not statistically significant; however, they indicate the direction of the relationship between the cost driver and the effect on cost.

The three methods of analysing the proportion of total expenditure spent on organisational costs (non-service delivery costs) were consistent at an average of 15 per cent of total expenditure. All managers reported that current funding does not cover their full service delivery costs or organisational costs. The results presented in the report only reflect current expenditure, driven by current funding levels and contracted service obligations. Many organisations do not have access to alternative, sustainable funding sources for contracted service delivery types. At best, the team might assume that the degree of difference between current expenditure and the full cost of services is approximately similar for all service delivery types and the proportion of the full cost of services spent on non-service delivery expenditure (organisational expenditure) is likely to be consistent with other states and countries – approximately 15 per cent.

The managers reported that consequences of the gap between the current level of funding and the full cost of services is that some quality aspects of service delivery and organisational management are compromised; the quantity of contracted services delivered is reduced; and organisations are restricted in their ability to respond to changed support needs from clients and communities. In particular, they currently make choices to compromise staff conditions (wages and conditions, staff continuity, training and qualifications); compliance and quality assurance. Organisations operating outside the metropolitan area reported higher expenditure (transport, staffing and maintenance), resulting in compromises in service delivery and management quality. They reported that some aspects of service delivery costs are not funded at all in some contracts, including adjustments for inflation and wage changes; infrastructure, equipment and administrative costs; and the cost of applying for funding.

The limitations of the application of historic service delivery type expenditure to modelling for the full cost of services indicates that the Funding Policy team should rely on alternative methods, such as output based funding modelling, informed by the analysis in this report. This is the approach adopted in UK, Canada and Victoria and towards which Western Australia is moving, so as to maximise service responsiveness and incorporate factors for likely cost variation. Modelling in these jurisdictions takes account of client support needs, location, staff qualifications, proportional organisational costs and predictable drivers of cost changes (eg. inflation, industrial conditions). It has the added advantage that funding does not need to be fixed to current service delivery models. Flexibility in a funding model is necessary to allow for changes in demand, innovation and new service, professional and technological developments. This approach is beyond the scope of the research project.

Appendix A: Details of Responses for Service Delivery Types**Table A.1: Service Delivery Types With No Responses**

Model	Description	Funding source
11	Prevention & early intervention	DOC
13	Child witness counselling and bail support	DOC
17	Peer support	DSQ
20	Multi disciplinary team	DSQ
21	Prevention and early intervention	DOC
23	Prevention and early intervention	DOC
24	Support provided at home	DSQ
27	Interpreting service	DSQ
28	Shared care arrangement	DSQ
29	Therapy and counselling outreach	DSQ
30	Multi disciplinary team	DSQ
31	Prevention and early family support	DOC
32	Therapy and counselling group - outreach	DSQ
33	Therapy and counselling –premises	DSQ

Table A.2: Survey Responses by Service Delivery Type

Model	Description	Funding Source	Surveys received
1	Accommodation support 24 hr long day	DSQ	1
2a*	Accommodation support drop in or short day	DOC	1
2b	Accommodation support 24 hr (awake) long day(8-23hours)	DOC	1
3	Accommodation support (sleepover) (8-24hr)	DSQ	13
4a*	Accommodation support 24 hr (sleepover) 1-8hours	DOC	1
4b	Accommodation support 24 hr (sleepover) long day	DOC	2
5	Accommodation support 24 hr (on call)	DSQ	3
6a*	Accommodation support 24 hr (on call) drop in or short day	DOC	3
6b	Accommodation support 24 hr (on call) long day	DOC	3
7a*	Support provided in community (less than 8hours)	DSQ	9
7b	Support provided in community (8-23hours)	DSQ	2
8a*	Support provided in community daily	DOC	2
8b	Support provided in community (high intensity)	DOC	2
8c	Support provided in community (low intensity)	DOC	2
9a*	Support provided at home (high intensity)	DSQ	5
9b	Support provided in at home (low intensity)	DSQ	3
10	Support provided in centre	DSQ	3
12	Therapy and counselling at centre	DSQ	1
14	Therapy and counselling combination of outreach and centre	DSQ	1
15	Therapy and counselling	DOC	10
16	Co-ordination and case management	DSQ	1
18	Individual advocacy	DSQ	1
19	Individual advocacy	DOC	1
22	Support provided in community - group	DSQ	2
25	Support provided at centre	DSQ	2
26	Support provided at centre	DOC	2
34	Therapy and counselling (men's perpetrator)	DOC	3
36	Therapy and counselling	DOC	3
38	Community development	DOC	7
40	Community development	DSQ	1

Note: *Service delivery type split into more than one group because the characteristics of service delivery differed in terms of hours, days or support needs.

Table A.3: Responses by Service Delivery Type, Location and Population Group

	Description	Location				Population groups	
		Metro	Regional	Rural	Remote	Indigenous	CALD
1	Accommodation support 24 hr long day	-	1	-	-	1	-
2	Accommodation support drop in or short day	4	-	-	-	1	1
3	Accommodation support (sleepover) (8-24)	5	4	4	-	6	4
4	Accommodation support 24 hr (sleepover)	3	1	-	-	3	3
5	Accommodation support 24 hr (on call)	3	-	-	-	2	3
6	Accommodation support 24 hr (on call)	5	1	1	-	4	2
7	Support provided in community	3	5	1	2	6	4
8	Support provided in community	3	-	1	2	4	3
9	Support provided at home	2	6	-	-	6	6
10	Support provided in centre	3	-	-	-	3	3
11	Prevention & early intervention	-	-	1	-	1.	1
12	Therapy and counselling at centre	-	1	-	-	1	-
14	Therapy and counselling combination of outreach and centre	-	-	1	-	-	-
15	Therapy and counselling	5	5	-	-	5	7
16	Co-ordination and case management	1	-	-	-	1	1
18	Individual advocacy	-	1	-	-	1	1
19	Individual advocacy	1	-	-	-	-	-
21	Prevention and early intervention	-	1	-	-	-	-
22	Support provided in community - group	-	1	1	-	1	1
25	Support provided at centre	1	-	1	-	1	1
26	Support provided at centre	1	--	2	-	1	1
34	Therapy and counselling (en's perpetrator)	2	1	-	-	3	3
36	Therapy and counselling	2	1	-	-	3	1
38	Youth Support Co-ordinators	2	2	-	2	7	5
40	Community development	1	--	-	-	1	1

Appendix B: Current Annual Expenditure with Organisational Cost Estimate by Service Delivery Type (\$'000)

Model	Description	Average service delivery expenditure Per place or client ¹	Total expenditure ² = service delivery + 15% organisational expenditure			
			Per service outlet	Average	+ 5%	-5%
1	Accommodation support – 24 hour (awake), long day (24 hours), DSQ (per place and client)	95.3	381.1	112.1	117.7	106.5
2a	Accommodation support – 24 hour (awake), drop-in or short day (less than 8 hours), DOC (per place and client)	22.7	567.2	26.7	28.0	25.4
2b	Accommodation support – 24 hour (awake), long day (8-23 hours), DOC (per place and client)	54.6	2127.9	64.2	67.4	61.0
3	Accommodation support – 24 hour (sleepover), long day (8-24 hours), DSQ (per place and client)	92.4	605.7	108.6	114.1	103.2
4a	Accommodation support – 24 hour (sleepover), drop-in or short day (1-8 hours), DOC (per client)	0.8	424.3	0.9	1.0	0.9
4b	Accommodation support – 24 hour (sleepover), long day (24 hours), DO, low cost (per client)	51.6	356.2	60.7	63.7	57.7
4b	Accommodation support – 24 hour (sleepover), long day (24 hours), DOC – high cost (per client)	178.1	412.7	209.5	220.0	199.1
5	Accommodation support – 24 hour (on call) (1-24 hours), DSQ (per place and client)	9.2	490.4	10.8	11.4	10.3
6a	Accommodation support – 24 hour (on call), drop-in or short day (less than 8 hours), DOC (per client)	29.7	214.2	34.9	36.7	33.2
6b	Accommodation support – 24 hour (on call), long day (24 hours), DOC (per place and client)	2.4	116.9	2.8	3.0	2.7
7a	Support provided in the community – individual (less than 8 hours), DSQ (per client)	14.2	173.2	16.7	17.5	15.9
7b	Support provided in the community – individual (8-23 hours), DSQ (per place and client)	112.1	112.1	131.9	138.5	125.3
8a	Support provided in the community – individual (daily), DOC – low cost (per client)	1.6	31.4	1.9	2.0	1.8
8a	Support provided in the community – individual (daily), DOC – high cost (per client)	15.6	78.0	18.4	19.3	17.4
8b	Support provided in the community – individual (high intensity), DOC (per client)	3.7	261.7	4.4	4.6	4.1
8c	Support provided in the community – individual (low intensity), DOC (per client)	0.4	312.2	0.5	0.5	0.4

Notes: 1. Per place if place data are available; otherwise per client

2. Per place or client if data are available and relevant to the model; otherwise per outlet

- = per place or client not applicable to model type

continued

continued

Model	Description	Average service delivery expenditure		Total expenditure ² = service delivery + 15% organisational expenditure		
		Per place or client ¹	Per service outlet	Average	+ 5%	-5%
9a	Support provided at home – individual (high intensity), DSQ (per place)	57.0	471.2	67.1	70.4	63.7
9b	Support provided at home – individual (low intensity 1-6 days per week), DSQ (per place)	6.8	170.9	8.0	8.4	7.6
10	Support provided at a centre – individual, DSQ (per place)	17.8	169.1	21.1	22.2	20.0
12	Therapy and counselling – individual/family, premises, DSQ (per client)	16.2	243.0	19.1	20.0	18.1
14	Therapy and counselling – individual, family, combination outreach, premises, DSQ (per place)	4.2	169.1	4.9	5.6	4.7
15	Therapy and counselling – individual, family, combination outreach, premises, DOC(per client)	2.9	129.3	3.4	3.6	3.2
16	Coordination and case management, DSQ (per place and client)	11.8	236.0	13.9	14.6	13.2
18	Individual advocacy, DSQ (per place and client)	2.4	108.8	2.8	3.0	2.7
19	Individual advocacy, DOC(per client)	3.3	82.6	3.9	4.1	3.7
22	Support provided in the community – group, DSQ (per place and client)	63.1	540.3	74.2	77.9	70.5
25	Support provided in a centre – group, DSQ (per place)	33.3 ³	791.0	39.2	41.1	37.2
26	Support provided in a centre – group, DOC (per client)	6.4	380.8	7.5	7.9	7.2
34	Therapy and counselling – group (premises) Men’s Perpetrator Program, DOC(per client)	3.1	77.3	3.6	3.8	3.5
36	Therapy and counselling – group (combination outreach, premises), DOC(per client)	22.7 ⁴	181.5	26.7	28.0	25.4
38	Community development and systemic services, DOC(per outlet)	-	142.6	167.8	176.2	159.4
40	Community development and systemic services, DSQ (per outlet)	-	144.0	169.4	177.9	160.9

Notes: 1. Per place if place data are available; otherwise per client
2. Per place or client if data are available and relevant to the model; otherwise per outlet
3. Per place high cost organisation
4. Per client and per outlet medium cost organisation
- = per place or client not applicable to model type

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