



**Submission to the Stronger Community Organisations Project  
Department of Victorian Communities**

**MacKillop Family Services**

**July 2007**

Research and Advocacy Team  
MacKillop Family Services  
22 Pin Oak Crescent  
Flemington Victoria 3031  
(03) 9381 6964  
[merrilee.cox@mackillop.org.au](mailto:merrilee.cox@mackillop.org.au)

## **MacKillop Family Services Submission to the Stronger Community Organisations Project**

MacKillop Family Services was formed in 1997 with the refounding of seven Victorian child welfare agencies of the Sisters of Mercy, Christian Brothers and Sisters of St Joseph.

We are one of the largest providers of specialist support services to vulnerable and disadvantaged children, young people and their families through five core areas of service:

- Supporting Families experiencing disadvantage and crisis;
- Supporting Families raising a child with a disability;
- Education and training services for children and young people;
- Services for children and young people who are not able to live at home; and
- Services for the former residents of our founding agencies.

Our work is carried out across metropolitan Melbourne and Geelong.

### **1. Introduction**

MacKillop welcomes the SCOP initiative as an opportunity to consider the role of the not for profit sector and how the valuable role it plays in the community of Victoria can be strengthened. Many of the organisations in the sector, like the founding agencies of MacKillop, were established in response to the needs of their communities in the early days of settlement.

They formed as independent bodies to respond to the specific needs of those who were disadvantaged or in need of support. This history of communities forming groups to meet needs that they perceive in their communities is fundamental. Over time the sector has evolved and it is continually adapting and innovating in response to the environment in which it operates, yet the primary stakeholders remain the communities they have formed to serve.

As a key principle it is important to recognise that the community sector chooses to exist and ought to determine its own future. Victoria has a 150 year history of dependence upon community sector organisations for the delivery of core or key services. This trend is strengthening and government by its funding, regulation and contractual arrangements is a powerful shaper of community sector health, directions and performance.

### **2. Emerging Issues Facing the Community Services Sector**

MacKillop Family Services believes there are many emerging issues facing community services organisations which impact on the capacity of the sector to fully function as independent, participatory and community building organisations.

## **2.1 High level principles**

One of the key areas for exploration in this project is the respective roles of government and community sector. In considering the future of community organisations it is vital that government recognises the inter-dependence of its relationship with community services organisations and the importance of supporting the self-determination, independence and autonomous governance which characterises the sector.

We would be seeking as an outcome of this process, a set of overarching principles that articulate the role of government, the role of the sector (both funded and unfunded), governments rationale for funding the community sector, and the strategies necessary to ensure that the community can derive best value from such organisations.

These principles are best enshrined in a compact, the terms of which are jointly negotiated and the final document signed by appropriate parties.

## **2.2 The Community Sector as a site for participation**

There is much talk these days about community building and community service organisations are an important pathway to participation and a sense of ownership, interdependence and control. Committees of management are training grounds for the development of a whole range of skills as well as an opportunity for people to channel their commitment and enthusiasm. Many of the important services delivered to our community are reliant on the army of people who serve on voluntary boards or committees of management, or who give their time voluntarily in support of community activities.

In recent times the increasing level of regulation has adversely affected this area of community involvement. It may be reasonably assumed that larger organisations will have Boards capable of managing these new requirements. However because regulation tends to cast a wide net many organisations are affected. Even more experienced or capable Boards resent the ‘heavy hand’ and the motivation for participation is undermined.

Often the skills required at a Board level require expertise that may lie outside a community and there are diminishing opportunities to learn ‘on the job’. Organisations such as Leadership Victoria and Leadership Plus play an important role in ensuring that people do have access to skill building and support for their roles, and are worthy of further support.

There is some suggestion that the profile of volunteers is changing in response to broader demographic changes and to what is perceived as a greater degree of scrutiny and regulation. Whilst many of those initiatives may be about diminishing risk to others, it must be acknowledged that it can act as a discouragement for those who do not pose a risk. It is a challenge to an organisation such as MacKillop that is reliant on volunteers for key programs such as foster care, to find ways to manage risk, support the highest quality of service and safety for our clients, whilst not setting the bar so high that people become fearful they will not measure up.

One of the key factors is the capacity to support those who give freely of their time to ensure that they do have the support they require to perform their roles effectively. Support for those who volunteers should be recognised as critical not just for the present but also as a key element of ensuring active citizenship and participation in the community.

Attached to this paper are notes of a presentation by Paul Linossier (CEO of MacKillop Family Services) to the VCOSS “A Fairer Victoria” Seminar in September 2006 which explored the issue of participation in more depth and made suggestions about the way forward.

### ***2.3 The Community Sector as a site for innovation***

Some of the defining features of the community services sector historically have been flexibility and responsiveness, capacity to innovate, operate efficiently and maintain strong links to community. Whilst community services organisations are adept at stretching limited resources there are increasing pressures which are impacting on the strengths the sector can offer. In particular the burden of regulation, lack of recognition of infrastructure in funding formulas and increasing impost without any commensurate compensation are creating major difficulties and affecting the capacity of organisations to do what they do best. The very prescriptive nature of most government funding agreements suppresses innovation and responsiveness.

### ***2.4 Government and the funding relationship***

Community services funded by government are facing effective cuts to funding through inadequate price indexation and increased requirements associated with reporting, accreditation and the partnership or collaborative approaches increasingly demanded and defined by government. In the interests of quality service provision it is imperative that there is a commitment to meet the full costs of service delivery. If services are not fully funded it may absorb the limited private funds available and reduce our capacity to innovate.

Government also needs to review its current levels of base funding. The proliferation of small programs with idiosyncratic reporting requirements and unit cost approaches means that current funding levels often do not provide for a truly quality service. Often staff working in services are ‘over stretched’ and have high levels of work pressures and stress.

As an example the recently introduced Children, Youth and Families Act requires extensive reporting (Looking After Children case management framework, data collection, incident reporting, OH & S, fire safety, IT, privacy etc,) which place demands on organisations that for the most part, remain unfunded.

The sector adds value to services funded by government through volunteering and fundraising. These funds are used to do internal research, fund innovative services where a need is recognised or further support government funded programs through approaches that lie outside of government funding priorities. Services must be fully costed and funded so the funds raised through philanthropy and donations are not used to subsidise government funded services.

Often funds raised by organisations are used to maintain and refurbish aging buildings and sites. The cost of capital also needs to be taken into consideration when calculating the full cost of service delivery. The failure to do so represents a longer term 'loss of value' and another impost on the sector.

### **2.5 Recruitment and retention of staff**

The community sector attracts a dedicated personnel with a strong belief in working with communities. One of the ongoing problems is that the status of the work is undervalued, often exemplified by poor wages. This makes it hard at times to attract and retain highly skilled workers. Often workers move onto the better paid health or government sector. In MacKillop's experience it is becoming increasingly difficult to attract staff to the organisation. The lack of parity with other sectors, the demands of the work and in some cases the high level of responsibility associated with low rates of pay, makes the sector an increasingly less attractive option.

With the increase in compliance and regulation, often staff are less willing to take on higher levels of responsibility because they see these positions as moving them away from the client base. A common comment is "I do this work because I care about people. I don't want to sit at a computer all day filling in forms".. MacKillop Family Services has had a senior management position vacant for several months. We cannot attract staff with the necessary skill level and/or desire from within the organisation to take on the role. We have tried placing people in the position on secondment as part of a retention strategy but find this difficult to as staff feel the increased responsibility is not worth the small amount of additional remuneration.

Career advancement is also of a concern to the community sector and makes staff retention difficult. The increase in the nature and complexity of the client base mean staff face greater demands and need to be more highly skilled. Maintaining skilled workers is an imperative for the community services sector to function to the capacity sought by government.

This could be addressed by ensuring that funding levels permit wages and conditions in the community sector to be brought in line with the public sector and joint work on the development of a workforce and leadership development plan.

### **2.5 Community sector organisations, partnership, compliance and risk**

Partnership approaches to service delivery can have the desired effect of providing services that can respond in a more holistic and coordinated way to the needs of clients. However, two problems are emerging with this model of service: the development and maintenance of partnerships requires extensive investment of staff time which affects the availability of management to provide internal leadership, direction and support to staff. This approach may not necessarily mean an enhanced service response but may be an unnecessary drain on the time of direct care staff. Partnership approaches need to be appropriately resourced in acknowledgement of the time taken to resource this approach to service delivery.

Increasingly resources that should be directed to those using our services are tied up in compliance processes and activity related data requirements. On the other hand outcome data is rarely collected, irregularly analysed and even less likely to inform services especially as it is rarely fed back to service providers.

The level of scrutiny involved in implementing a regulatory framework such as the Office for Children Registration Standards is taxing on service and does not necessarily translate to quality service provision.

Further exploration of these issues is contained in the attached presentation by Paul Linossier to the Centre for Excellence earlier this year

### ***2.7 Network governance***

Community service organisations have a long history of providing timely and compassionate support to those at the margins of the community. The community services sector is in a unique position to work with government to strengthen our community. In partnership with government and other funders, community service organisations are in a position to help design service delivery models on the strength of our experience and to also take a leadership position in social policy development. Working with government means together we can affect change. We can articulate a vision for the community. This can be done through experience in working closely with the marginalised but also through research. Our autonomy and expertise needs to be recognised and valued as one that enhances the community.

Increasingly there is a sense from the sector that whilst on the one hand government emphasises the importance of governance, on the other there is an increased level of scrutiny and micro-management of community service agencies. The developing relationship between government and the sector is undermined by a perception that the heightened emphasis on partnership is accompanied by an outsourcing of risk, which undermines the good intentions.

A broader view is required, which acknowledges the historical basis of many of the current arrangements and recognises that if we were starting over we would do things differently. We need to acknowledge that partnership is not a panacea and cannot address the fundamental problems of fragmentation and inadequate resources. We require government to partner with the sector within a network governance model to honestly appraise the situation and work toward joint long-term solutions. There is much to be gained if the fundamental inadequacies are addressed rather than papered over by the rhetoric of partnership.

The sector must be free to advocate with and on behalf of the marginalised and remain true to our value base while at the same time working together with government and other funders of services to strengthen society. Our position of working with government as opposed to on behalf of government can never be compromised. It is imperative a level of institutional trust - between departments, between levels of government, within departments and with community and government is enhanced. Trust and respect leads to strengthening democracy.

Within a network governance model we would share the responsibility for identifying needs and problems, developing solutions and ensuring accountability.

### **3. Concluding Remarks**

Mackillop Family Services welcomes the opportunity to participate in the consultation regarding the future development and enhancement of the community services sector. The sector faces unprecedented pressure from various sources including staff retention, new compliance regimes and increased pressure to contain advocacy which maintains the status quo. The community services sector's expertise is in responding to human need. We develop programs to strengthen families and individuals to take their place in society that continues that support. Our hope is to continue to do that in partnership with government on the understanding that a vision for the future wellbeing of the Victorian community relies on the proficiency of the community services sector and to maintain its independence and integrity. We hope our comments will add to the advancement of the sector and we would be happy to engage in further discussion.

**Merrilee Cox & Suzanne McManus**  
**Research & Advocacy Team**  
**MacKillop Family Services**  
**25 July 2007**

## **Notes for Centre for Excellence Presentation Autonomy Vs Compliance**

---

- These are deliberately emotive terms that give us the opportunity to voice the disquiet experienced at this point in the change process.
- Good change management processes allow that voice to be heard and work constructively with the concerns.
- Many of the issues which surface are not particular or unique to child welfare or the current reforms but are voiced by many CSO's in many sectors – both the VCOSS and Combined Peaks CSFTG and Victorian Government's SCOP processes are highlighting this.
- Of all jurisdictions this will be most felt in Victoria because we have:
  - a larger & stronger NGO sector than most other jurisdictions;
  - a more substantial NGO history;
  - a long standing, active and well endowed contemporary Philanthropic sector;
  - both high expectations of “partnership” and more co-operation between government and the sector than many jurisdictions; and, in child welfare,
  - a long history of contested leadership, if not sibling rivalry with the Government sector.
- So let me try and unpack the positives and negatives of where we find ourselves.

### **Positive:**

I would contend that:

- There is broad support for the high principles of the reform “best interests”, “stability”, “cumulative harm”, the placement of family support services as the focal point of the service system (not an afterthought), the priority given to the indigenous community and overall a focus on outcomes.
- We have had the most opportunity in nearly 30 years for the sector to participate in planning and similar access to senior bureaucrats and Ministers.
- A move away from funding single services to funding service systems that focus on particular communities.
- A strategic focus on early years and a commitment to the increased participation of vulnerable families in universal services.
- Structured opportunities for participation by the sector and its representatives at Ministerial, and Branch levels.
- The re-emergence of social policy thru such as “A Fairer Victoria”.

- Belated, but welcome, acknowledgement and the third sector's health cannot be taken for granted.

### **Negative:**

I observe that:

- Government as a whole has not clarified its relationship with funded community service organisations (CSO's).
- The nature, difference and diversity of CSOs or NGOs is not understood nor seen as a strength by government. Importantly the independence of Boards and the governance/management separation drawn upon in most 3<sup>rd</sup> sector management literature and the place of third sector organisations in the formation of civil society is not apparent in Government's conceptualisation and contract management with the sector.
- At the same time many organisations in this sector have lost and need to recover the immediacy of their connection with the civil society formation process.
- The management of major initiatives like CRISS and CRISSP always treat the sector as the poor cousin.
- A series of measures which Government regards as improving transparency are perceived by NGO's as compromising the independence of NGOs. Importantly the changes are rarely negotiated with NGOs, i.e. the new powers of the Ombudsman, the mooted extension of the provisions of the FOI Act to funded CSO's and the reserve power of the Secretary/Minister to stand Boards aside.
- A "siloed" approach to the introduction of organisational registration and service focussed quality assurance in Office for Children, Disability, Education and Housing areas all at the same time.
- There is a repeated theme in public administration to emphasise or prescribe both method and outcomes, i.e. micro-management.
- A massively increased volume of paperwork which means senior personnel are forced to skim rather than substantively engage key issues.
- We must also acknowledge that some of these measures (checks and balances) are appropriate. We have in the past failed – remember the Child Migrants, the Forgotten Australians and the Stolen Generation – we are not immune from failing again.

### **How to move Forward?**

My suggestions are thus:

- I do not believe that organisations which contract with other parties should regard themselves as autonomous ( defined as “**Autonomy** (Greek: Auto-Nomos - *nomos* meaning "law": one who gives oneself his own law) means freedom from external authority”). Especially where the purpose of the partnership focuses on the public good and includes core statutory responsibilities.
- We need to push hard as a united sector for a formalisation of the govt/third sector relationship, including a compact which sets out high level principles of our relationship with government.
- We need to explore the establishment of an industry based or government appointed charities or third sector commission(er). Be it as a statutory body or as an independent entity owned by the sector.
- We need to argue for a separation of organisational registration (including governance) from service quality assurance and for one registration process/point to make NGO’s eligible for government funding. And possibly locate the registration aspect with the above commission(er), but at the least in an area separate from funding bodies.
- We need to encourage funding bodies to:
  - ▶ focus on outcomes;
  - ▶ let go of the means;
- For our part we need to:
  - ▶ pursue whole of sector service based QA;
  - ▶ explore benchmarking within sectors and across the Third Sector based on hard data;
  - ▶ not give up on the notion of partnership but push harder to realise our ideals.
- We cannot, nor be seen to, shy away from transparency, accountability or continuous improvement.
- To this end, we should avoid joined up strategies or partnership models that paper over real fragmentation and we should carefully explore, from the ground up, where we can create better services and/or service systems through organisational rearrangements. This is particularly an issue for multi-region CSO’s.
- Lobby for service funding reviews that recognise the full cost of both quality improvement and compliance requirements.
- Finally, we should hold highest the “best interests principle”, testing each proposal against the best interest of the child, their family, that community and then civil society.

**Paul Linossier  
Chief Executive Officer  
MacKillop Family Services**

**June 2007**

**Notes of Presentation to VCOSS “A Fairer Victoria” Seminar  
12<sup>th</sup> September, 2006**

---

**1. Introduction**

- I welcome AFV, AFV2, and particularly the Ministerial Advisory Committee Report “Strong Communities and Ways Forward”.
- I don’t want to address these reports specifically but rather talk about the issues they touch on from the perspective of the sector.
- I want to do this by setting out a vision for the type of society we would want 20 years from now and what two key actors have to do if we are to achieve that vision.

**2. Vision - Victoria 2026**

- The “participatory state” –not “the place to be” or “the Garden State”
- Unique (regrettably) in social cohesion & optimism. Define cohesion not absence of conflict....
- goal of every citizen connected with at least one community group or network
- Innovation and investment (public and private) is fostered by an active citizenry making regular demands and creating opportunities
- Community building – once a strategy targeted towards the disadvantaged and marginalized is a universal strategy differently applied according to advantage
- It is not utopia, there is still resource competition and opportunity is not uniform, but it is not as concentrated or absent as in earlier periods.
- However, there is much stronger community spirit and people generally feel closer to decision making, are in greater control of their lives, and are active participants in the governance of their state

Let me look at the circumstance of two of the many actors who brought this about:

**3. Government**

- a) For the purpose of today I am being naïve, ignoring Commonwealth – just commenting on State and Local Government
- b) Primary purpose:
  - Collective vehicle to achieve a stronger society. Strength measured by cohesion, creativity and capability – social, economic and environment domains remain, but social is paramount and the 6 make an evaluation matrix against which all policy and decisions are evaluated.

- c) Articulates long term social policy with specific goals.
- d) Public Administration:
  - Regions were reviewed and bi-partisan agreement to a 20 year regional configuration was achieved.
  - All activities of Government were divided into these regions.
  - Central Departments were largely devolved to the regions – designed to ensure that integration took place at the regional level.
  - Small expert units remained centrally to advise Ministers, monitor regional development and commission research and evaluation and report on outcomes.
  - Each region had a senior public servant heading an integrated approach with a Regional Council representing both a range of sectors and elected officials
  - Local government was active at the regional level, if not key, but wider involvement was also in place.
  - Significant discretion was delegated to Regional Councils re budget and priorities (conditional upon outcomes).
  - Regional Councils could also devolve that fiscal discretion further to more local communities.
- e) Third Sector – as viewed by Government
  - The Third Sector has much greater recognition for its contribution to economic and social life. It is understood as comprising sport/cultural/education/public interest and community service sector organizations.
  - Wherever possible (except where it compromises a reserve power of the State – e.g. deprivation of liberty on formal investigations, aka child protection) services are provided by third sector organizations
  - “steering, not rowing” has been replaced by “pilot, not captain” as the public service model. (nautical not aviation sense)

I want to now look at the latter, the community sector.

#### 4. Community Sector

- Victoria had a great base to build on but we were at risk of taking it for granted.
- What it holds in common?
  - What will kill it?
  - What will promote it?
  - What will it look like?

In 2005 Australian the Australian Foresight Institute described the wider sector as holding in common:

- Working towards social justice
- Democratic purpose (rights, access, participation & equity)
- Advocacy and leadership
- Serving vulnerable groups

Common values include:

- Human dignity
- Justice; and
- Self determination

What will kill it?

- Shaping it as small public bureaucracy, not respecting cultural difference;
- Compliance burdens
- Compromising independent governance
- Channeling growth only through prescribed service development
- Ignoring that it needs nurture and promotion
- Other actors handballing risk and then distancing themselves.

What will promote it?

- A public policy position that explicitly affirms it
- High level, if not symbolic, statements of significance, e.g.: Compact/Accord and related Advisory Council
- A process of mapping, enquiry, research and dialogue which improves knowledge of the sector – its strengths, weaknesses and needs
- A 10 year plan to foster the growth of the sector
- A commitment to research and evaluation of outcomes as drivers for service reforms

What it will look like?

1. 4 types - Service Organization – (e.g.: MacKillop Family Services)
  - Community expression (e.g.: self help/advocacy/local)
  - Publicly constructed (e.g.: community health)
  - Hybrids
2. Diverse – Biodiversity – small/big/medium/independent/regional/religious/community
3. Common set of accounting standards
4. Accountable – driven by the sector, matching the state’s commitment to research and evaluation and “appropriate” Quality Assurance to their size & role.
5. Sites of active Participation: link with accountability : active relationship with members, and service users – diversity evident within.

Each type may have different needs, but many needs will be common across types.

## 5. Conclusion

To conclude, if complexity is the metaphor for contemporary life, then the social cancer of contemporary life is alienation and its cousin abdication. The mixed economy of Victoria's social infrastructure is its latent strength. The by-product of fostering community organizations is participation, participation grows ownership, and active and shared ownership grows community – community in all its diversity and tensions and conflicts and in its formal and informal states overcomes alienation. It does not create utopia – but it does foster a hope, a timeless value which abounds in strong and good societies and which every generation must create for the next.

**Paul Linossier**