

IMPACT OF QUALITY SERVICE STANDARDS on NGO/NFP SECTOR

2013

Not for Profit Reform Agenda

Focussed on two areas:

- Legal and financial requirements (incorporation regulation, taxation, fundraising and other legislative requirements): Affects all incorporated NFPs (approx 160,000)
- Performance reporting: Affects only government funded NFPs

The third area for significant reform: Quality and service standards compliance: Applies mainly to government funded human services NFPs and NGOs

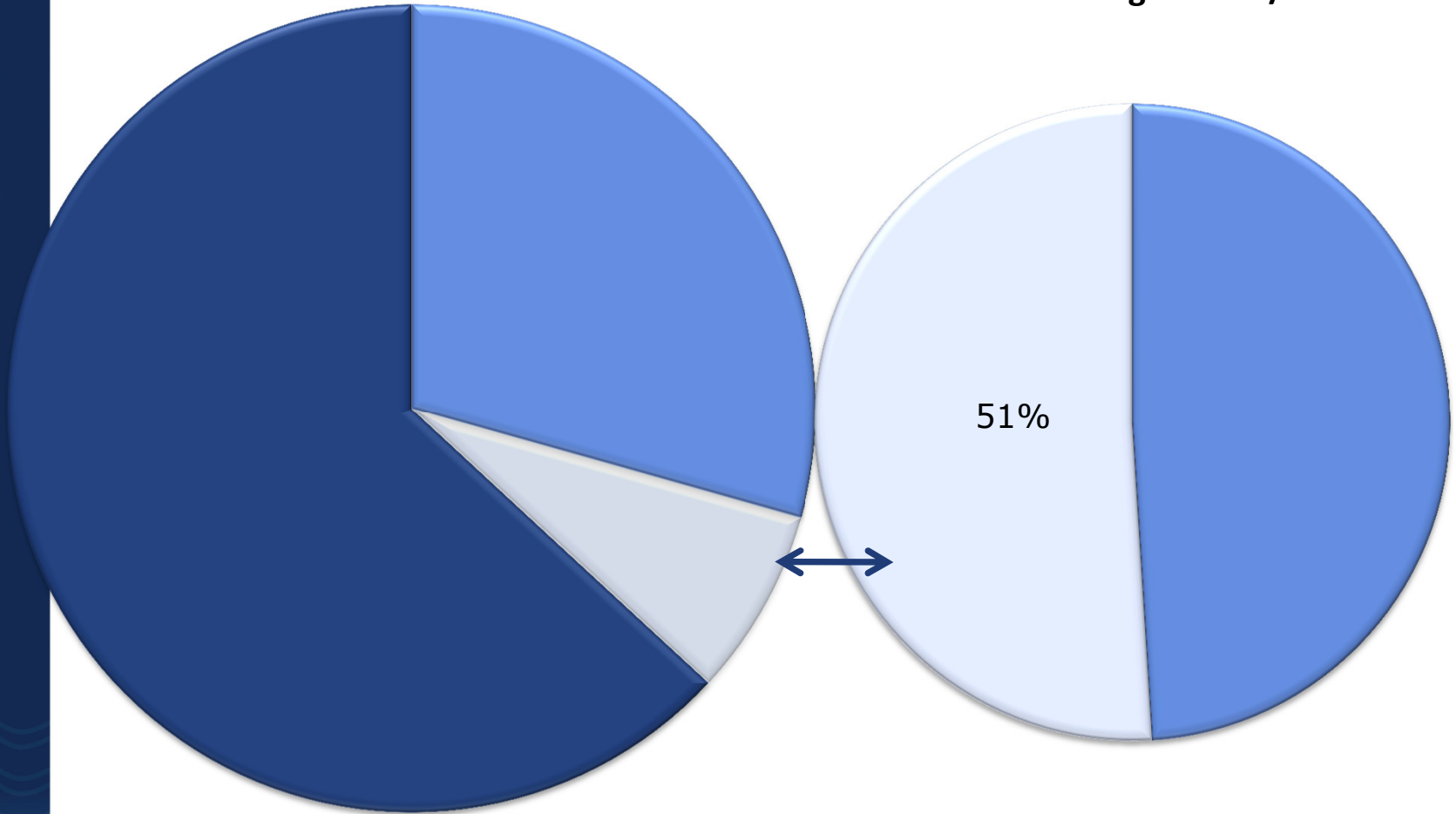
Significant economically – receives 51% Government funding to NGO/NFP Sector

Expend majority of human services budget outsourced by Government

Context for NFP 'red tape' reform agenda

Incorporated NFPs: 160,000

% of Government funding to NGO/NFP



- Economically significant NFPs
- Government funded human service NFPs
- Other incorporated NFPs

Standards Environment

- Est. 12,000 NFP/NGOs subject to standards and compliance reporting.
- Separate sets of standards for most community service and health funding programs.
- Over 60 sets of national, State or Territory quality service standards applying to funded NFP/NGOs.
- Cumbersome manual systems for each set of standards.

Research results*

- 85% were undertaking multiple standards assessments and compliance reports, averaging:
 - 5 standards assessments and 5 performance reports
- Taking unnecessary time:
 - unwieldy 'manual' methods
 - multiple standards
- Average time taken (assessment & reporting only)
 - Small NGOs (less than \$2m): 7.5 weeks/ 2 months
 - Medium sized NGOs (\$2-\$5m): 15 weeks/ 4 months
 - Large NGOs (over \$10m): 19 weeks/ 5 months

*BNG National Snapshot Survey: Cost of Quality Service Standards, May 2011 with assistance of Councils of Social Service Network and other peaks

- Estimated annual productivity loss and cost across sector:

- 3.5 million staff hours
- \$277 million in staff wages

(Vic Dept Treasury & Finance RCM methodology and its guide to NFP average hourly rates)

Cost Benefit of Electronic System: Standards and Performance Pathways

- 80% saving of time for multiple standards completed over time using the SPP:
 - NGO complete assessment and evidence report in approx. 3 days
 - Cumulative benefit through data collation and evidence storage capacity.
- Est. value of time saved using SPP: \$189mill per annum (freeing up to 2.9m NGO staff hours – redirected to service)
- Productivity lift – at least half of \$2 billion Federal government contribution to Equal Pay over the six year roll out.
- Substantial reduction in ‘red tape’ while relieving sector of unnecessary burden

Standards Reform

Aims:

- Eliminate duplication: processes and systems
- Standardise quality and safety requirements
- Simplify assessment, reporting and compliance processes for NGOs and NFPs
- Better outcomes for govt. agencies: risk management, monitoring, compliance reporting

Options for reform

- A 'single standard' to replace existing standards
- or
- A 'harmonisation and recognition' strategy

‘Harmonisation and recognition’: identification, using the BNG cross mapping methodology, of elements of a ‘single standard’.

Using this framework to:

- facilitate harmonisation of other sets of standards
- provide reference point - recognition of alternative sets of standards
- merge existing sets of standards and the use of mixed models - recognition of accepted organisational standards plus specific core and specialist service standards (e.g. Vic DHS One)
- Provide mapping and reference point material for standards reform site:
 - detailed cross referencing of content mapping for any standards
 - mapping of validation and accreditation procedures

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