



02 March 2015

Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Secretary

Re: Implications of the Commonwealth's Department of Social Services' De-Funding of the YWCA of Darwin's Parenting Program and governance concerns around the De-Funding Process

Summary of Issues

1. Lack of consultation by the Commonwealth Department of Social Services (DSS) with their local (in our case, Darwin-based) senior staff to:
 - a. determine which localities within their jurisdictions had the highest need
 - b. determine which programs were delivering positive social outcomes in their jurisdiction, particularly those that deliver high social returns for low investment.
2. Lack of transparency around the methodology adopted by the DSS to determine areas of need
3. The DSS's failure to consult with current service providers to determine if:
 - a. other, non-Government, significantly funded programs were operating in collaboration with the DSS-funded program and would be jeopardised if DSS funding was cut
 - b. the formerly-funded organisation was providing significant 'top-up' funding, in-kind or other support in order to provide a more extensive service than that for which they were contracted
4. The DSS's failure to consider high social returns on investment of existing programs
5. The DSS's demonstrated lack of understanding of the Australian regulatory environment:
 - a. Failure to consider legal, regulatory and financial impacts of de-funding long-standing programs with short notice, most particularly:
 - i. Requirements of consultation and redeployment under the Fair Work Act
 - ii. Redundancy requirements under the Fair Work ActBut also:
 - iii. Ongoing tenancy/lease obligations
 - iv. Requirement to provide services up to and including final funding date (i.e. no 'wind down' provisions to allow for archiving, lease sub-letting and staff notice periods)
 - b. Failure to consider the resources impact on "For Purpose" businesses of their grant application process, their de-funding and then bridging funding to 30 June 2015

- c. Failure to understand the implications of their 'collaboration' model in terms of good governance for 'For Purpose' (DGR registered non-profit) businesses in the Australian business environment
 - i. An inability to distinguish between 'collaboration' (reciprocal benefit), 'good will' (one sided benefit), 'collusion', 'coercion' and 'conflict of interest' and the potential for this to lead to unethical practices
 - ii. The appropriateness of providing 'facilitation funding' for 'supplementary activities' outside of the funding grant application process to one large NGO as an 'alternative' source of funding (please see 6.c. below)
 - iii. Failure to undertake due diligence with respect to the past record in the NT of the organisation engaged to 'facilitate' funding
6. Lack of transparency around the funding process
 - a. Failure to provide timely information regarding referral points for vulnerable clients (i.e. information on the successful funding applications)
 - b. Failure to consider the impact on clients where no service would be delivered in the previously funded service area
 - c. Failure to provide transparent information with respect to intentions of previously (08 May 2014) awarded 'facilitation funding' of \$5,354,000 to the Australian Red Cross for Tiwi and Palmerston prior to the funding application process thereby enabling organisations such as the YWCA of Darwin to properly consider their participation in:
 - i. The resource-intensive funding round
 - ii. The Australian Red Cross' "consultation" process
7. The DSS's failure to consider the preparedness of successfully funded organisations to commence operations within their timeframe and the impact on the de-funded organisations that here then temporarily re-funded. This has resulted in:
 - a. The commencement and then halting of the redundancy and redeployment provisions of the Fair Work Act with resultant stress on staff
 - b. The commencement and then postponement of sub-letting negotiations for leases and program spaces

Background

On 02 January 2015, the YWCA of Darwin Inc. was advised by email that our "Parenting Program" for young parents and pregnant young women under 25 years of age, was to be defunded by the Commonwealth Government's Department of Social Services from 28 February 2015 (subsequently extended to 30 June 2015). This program includes our:

- 'Mum's School' support initiative - support for young pregnant and/ parenting mothers to finish their schooling and access further education/employment. This includes transport, provision of learning opportunities for babies and children accompanying Mum School participants and strong advocacy/support (a corner-stone deliverable of the government) – this aspect of the program was supported by the YWCA of Darwin and was not a key deliverable of the DSS' service agreement.

- 'Breakfast Club' - young pregnant and/or parenting peer support and 'connecting community' group, incorporating a healthy breakfast, quality play-based experiences, visiting experts and community partners (Palmerston)
- SHEIRA (Support, Health, Education, Independence, Relationships, Art) - group work opportunities (with community stakeholders) that meet the identified needs of young pregnant and/or parenting families in the Palmerston area. These groups have included Children's First Aid, 123 Magic & Emotion Coaching, Nutrition, Healthy Lifestyles, Women's Self Defence and many others
- Parenting Resource Library; amongst other initiatives,

This small, relatively inexpensive (core funding excluding SACS: **\$143,266** per annum), highly successful program with excellent social returns on investment has been operating since **March 2003** and has benefited from considerable additional (in-kind and discretionary effort) support from the YWCA of Darwin. It is also our understanding that the only other Parenting Program, delivered by Anglicare, was also de-funded. We question both the economic and social value of de-funding a program that works successfully to provide better health, parenting and employment outcomes for these young women.

In the second half of 2014, we expended a significant effort (with strong support from the Hon. John Elferink, in his capacity as the NTG's Minister for Correctional Services), to apply for private philanthropy funding to support women in prison and on their release to reduce recidivism. In early December 2014, we received 'in principal' support from the philanthropic Foundation for two years' / **+\$945,000** funding. Our Women of Worth program proposal was significantly linked to the parenting program and is now unlikely to proceed.

Demonstrating the need

Our understanding of the need for the activity in the Palmerston Local Government Area (LGA) is demonstrated by the large number of young and teenage parents in this region (in particular, those facing disadvantage); the large number of babies and children compared to other parts of the Northern Territory (NT) and Australia; the large number of young Indigenous mothers (who are more likely to be disconnected from health services); and the social factors in these suburbs including high unemployment, low school attainment and low income. Australian Government data also provides evidence that a high proportion of babies and young children residing in the service area either display characteristics of developmental vulnerability or are at risk of doing so.

Palmerston is a diverse suburb, containing two of the NT's five most disadvantaged postcodes, according to 2011 ABS census data, and also suburbs with relative SES advantage. ABS data across the service area indicates the following about young people including young parents: There are approximately 300 young parents under 25 years of age in the service, with at least 33 of these being under 18 years of age. A high proportion of the population in Palmerston is under 25 year, at 42.2% (representing 11,764 people); 15.7% of the population is aged 12-24 (4340 individuals) and 3390, or 12.2%, are babies or children 5 or under. Of young people aged 15-24 in the service area, 15.3% identify as Indigenous.

School attainment is low, with 43.1% of all young people 15-24 (who are not attending school) not having completed year 12, and 7.6% not completed year 10 or equivalent. Of the approximately 4343 young people 15-24 not in education, over 27% are unemployed or not in the labour force and 32.6% of young people aged 15-24 not in school earn less than \$300 per week. This profile of young people in the Palmerston LGA gives us a picture of the social and economic context of young families, and an indication of the circumstances of babies and children aged 0-5.

Mothers and babies in the NT: The following information is based on the 2011 Northern NT Midwives' Data Collection which includes population characteristics of mothers, maternal health status, antenatal information, as well as birth outcomes. In 2011, there were 3,845 babies born to 3,792 NT mothers, 36% of whom were Indigenous. The statistics indicate that Indigenous mothers have a higher total fertility rate than the Australian average with around 2.21 births per woman as opposed to Australian average of 1.89.

The general health of babies born in the NT is lower than in other jurisdictions: by five minutes after birth, 2% per cent of NT babies had an Apgar score (a universal score indicating level of health) below seven, the minimum score to indicate good health.

The number of Babies and children: At June 2011, the NT had the lowest population median age of all states and territories, as it is skewed by a particularly high number of babies and children (52,400 at that date). ABS data also demonstrates that in 2011, 11,420 babies were born to teenage mothers, and, whilst the rate of teenage pregnancy is slowing in most Australian states and territories, it remains steady in the NT.

Indigenous mothers: The average age of Indigenous mothers (24.8 years) was five years younger than that of non-Indigenous mothers (29.8 years). A fifth of Indigenous mothers (20%) are less than 20 years of age. A greater proportion of Indigenous mothers (26%) had three or more previous births compared with non-Indigenous mothers (8%).

Indigenous mothers are more likely to have insufficient antenatal care, as measured by no antenatal visits or less than four visits, compared with non-Indigenous mothers (13% and 1% respectively). Indigenous mothers are four times more likely to report smoking during the first 20 weeks of pregnancy compared with non-Indigenous mothers (51% and 12%).

The fertility rate in the youngest age group (less than 20 years of age) was over four times higher for Indigenous women compared with non-Indigenous women of the same age (81.6 and 17.8 births per 1,000 women respectively).

The Government undertakes a census of the development of Australian babies and children under school age. Development is measured through the Australian Early Development Index (AEDI) over five domains (physical, social, emotional, language and communication), and was last completed in 2012. The AEDI provides specific data on the number and percentage of babies and children who are vulnerable and at risk (this refers to babies and children who do not meet the vulnerability index threshold but still have serious issues of developmental concern), including data specific to the Palmerston LGA. The following information is informed by data from the 2012 AEDI survey:

- 35.5% of children in the NT are classified as vulnerable, significantly higher than the Australian average of 22%. In the NT this represents approximately 1,106 babies and children. A further 21% of babies and children in the NT were deemed to be at risk.
- In **Palmerston, the percentage of babies and children who are considered vulnerable or at risk is higher at 24.3% and 20% respectively.**

Palmerston is known to have a large number of teenage and young mothers and parents, a claim supported by anecdotal evidence from service providers in the area, and the experience and data from the currently operating YWCA Parenting Program in Palmerston. Of the Program's clients, the majority have low knowledge of infant health and nutrition, are themselves in poor health and many are not connected to a health service.

In the 2013-14 financial year, the YWCA of Darwin worked with over 75 young parents under 25, the majority of these being young mothers under 21 years. Additionally the agency worked with over 110 babies and children in the same period. Of these mothers and babies, approximately 40% were Indigenous, 20% of CALD background and 40% of Anglo-Australian background. The average monthly composition of the program was 20 adults and 30 children.

Post receipt of de-funding advice

Post 02 January 2015, as would any business which operates efficiently and takes its governance seriously, the YWCA of Darwin swung into action to:

- Identify a potential tenant for the sub-letting of our Parenting Program premises in Palmerston
 - The YWCA of Darwin is liable for the lease of **\$3,080** per month until 30 June 2016, a total of **\$36,960**
 - Additionally, we are liable for a refurbishment loan payout of **\$29,216** as at 30 June 2015
- Identify, as required under the Fair Work Act, any alternative positions/arrangements post-28 February 2015 for the Parenting Program staff (now post-30 June 2015) and commence redundancy consultations
 - Total redundancy and accrual payout as at 28 February 2015 was calculated at **\$14,222**
- Telephoned (and left numerous voice messages) in an effort to determine referral arrangements for our clients
- Organised the relinquishment of our collaborative arrangements with other NGOs for shared space/delivery from 01 March 2015 (and then 'un-organised' them on receipt of bridging funding to 30 June 2015)
- Identified storage space for equipment/records etc.;

amongst a myriad of other 'wind up' tasks that need to be accomplished by the close of business on 28 February 2015 – whilst still supporting our clients. These arrangements and ongoing planning have occupied over 70% of the managements teams' time to date for a program that equates to less than 1.3% of our income and one which has been heavily subsidised by the YWCA of Darwin over the

years in terms of discretionary effort, shared resources, fundraising and donation dollars and other in-kind.

On Monday, 02 February 2015, a junior employee of the Darwin office of the Commonwealth's Department of Social Services telephoned and asked if the YWCA of Darwin would commit to delivering the Parenting Program for a further four months (until 30 June 2015) without being able to provide any details of the funding arrangement to do so. The rationale was that the direct funded organisation was not ready to provide the service (i.e. there were no referral points for clients) and transitional arrangements needed to be made. The implication was that the Australian Red Cross was the direct funded organisation and that we 'must' cooperate in the service delivery.

We agreed to extend the service but sought the payment of some of the above-mentioned costs (more than, but suggested at 2-weeks' funding) and otherwise used the rates based on previous funding. Any recuperation of costs (no matter how minor) was refused via email on Wednesday, 04 February 2015 by a more senior employee but she still requested confirmation that the service continue. Basically, the DSS was asking the YWCA of Darwin to absorb the 'winding up' effort triggered by their 02 January 2015 email and to continue to support an underfunded program because the DSS' preferred 'supplier' (if, indeed one existed) was not ready to assume its delivery, whilst also asking the YWCA of Darwin to be prepared to re-commence the 'wind up' in June 2015 when alternative positions may not be available and potential tenants uninterested.

Throughout the week, the undersigned left at least 6 voice messages with the NT branch of the Australian Red Cross seeking further information regarding the transitional arrangements. On Thursday, 05 February 2015, a senior officer of the Red Cross advised that they were not the direct funded organisation under the Family Support funding rounds and were not the referral point for the Parenting Program's clients. The officer did advise that the DSS had funded them in August 2014 in excess of \$5million to 'facilitate' 'supplementary funding' to programs supporting children 0-12 years under the Communities for Children funding arrangements. (Subsequent enquiries revealed that the Australian Red Cross was funded \$5,354,050 on 08 May 2014 as 'facilitating partners' in Tiwi and Palmerston). She further advised that the DSS had imposed an Expression of Interest process which required community consultation and community organisation participation in the funding selection process. Anyone with even a rudimentary knowledge of governance would appreciate that, having been consulted and participated in the formation of the selection committee, believing it to be for small community activities, the YWCA of Darwin would clearly have a conflict of interest if it participated in a funding application; apart from the time and resources involved (post an already robust DSS funding application) and with absolutely no certainty that the YWCA of Darwin would meet either the funding criteria or obtain the funding amount necessary to continue the delivery of the Parenting Program. Discussions to date would suggest that a cumbersome process, even if ethical, would only deliver supplementary funding.

We are also concerned that the Commonwealth may have erred in underestimating the value (and therefore 'true cost' of service delivery) of the incredible discretionary effort, in-kind, donations and other non-monetary contributions made by small, nimble NGOs to the social services sector to benefit our mutual clients - contributions made through passion that no business (for purpose or for profit) would provide to an unrelated third party and that current arrangements will actually end up costing more - both to society and financially.

It has been the long-standing practice of the YWCA of Darwin to genuinely collaborate with other organisations – either through mutual client referral or, more commercially, through the sub-contracting (with appropriate MoUs, JVs, SPVs or Letters of Agreement). However, no for profit organisation would 'collaborate' with the funded organisation in the manner proposed by the DSS with respect to their facilitation funding in Darwin without more robust processes in place to protect them from claims of conflict of interest and/or collusion and to protect their intellectual property. And certainly, any commercial organisation would undertake a robust due diligence process as to the background of any 'facilitating' organisation, particularly with respect to previous similar funding arrangements with another Commonwealth Ministry (Department of Immigration) and any incidents of acquiring others' data as the basis of its outcomes.

Following extensive advocacy to the Northern Territory Government with respect to our concerns regarding the Commonwealth's Department of Social Services' community tendering processes, the undersigned was contacted by the Darwin office and met with two of its officers on Wednesday, 25 February 2015 in the offices of the YWCA of Darwin. In the course of that meeting, the officers confirmed that:

- there is **no intention** to renew funding for the program post-30 June 2015
- the program must be conducted up to and including 30 June 2015 (i.e. there is no provision to pack up the office, finish paper work etc.)
- the transition points of the eight Commonwealth-nominated sites are:
 - Good Beginnings (Malak and Nakara)
 - Catholic Care (the other 6 sites)
 - There is also one site still pending
- there is no Children and Parenting funded program for Palmerston
- the Commonwealth's intention for Palmerston is that community providers 'collaborate' with the Red Cross who are funded to 'facilitate' activities in Palmerston and Tiwi through the CfC. This funding is for 'supplementary' activities. The two ladies acknowledged the undersigned's points with respect to the conflict of interests that this model has created and also that this model would require us to both top up the funding and transfer our IP
- the DSS will 'work with us' to 'transition' clients/activities (despite there being no referral point)
- they acknowledged the problems of the process
- they advised that they had not been consulted by Canberra
- they acknowledged the excellent outcomes of the program.

The undersigned confirmed:

- on their query: that all client files will be appropriately archived and not transferred
- we would work with them to transition clients (noting that there was no service in Palmerston for this transition)
- we would not be applying for 'supplementary' funding through the NT branch of the Australian Red Cross but would be prepared to enter into direct commercial negotiations
- we would not be supplying our IP, methodologies or program models to another provider
- we would not fund or otherwise support an unrelated third-party

- we would continue our advocacy campaign to the Commonwealth and through the media both to secure ongoing funding and to highlight the inequities and poor practice in the process (and reassured both ladies that we recognised that they were in no way responsible but merely cogs in the machine)
- we would also seek other avenues of funding but noted that it was a very constrained environment
- it is unrealistic to expect service delivery up to and including 30 June 2015

The YWCA of Darwin's Parenting Program has supported young parents to strengthen their understanding of their children's (and their own) healthy development, thus very positively contributing to breaking and preventing cycles of disadvantage. Most particularly, we have had considerable success in supporting young mothers to finish their education and thus provide them with employment opportunities and their children with an aspirational parent – something that is a key deliverable of the Australian Government's social services' delivery agenda.

Everyone at the YWCA of Darwin is working hard to develop social enterprises to better support our many programs without reliance on government (i.e. tax payer) funding. However, these enterprises, whilst growing steadily and successfully, are only in the early stages of development and are unable, at this point in time, to provide the financial support necessary to continue the Parenting Program.

Thank you in advance for your consideration of these matters,

Yours faithfully

Jillian Ritherdon FAIM, GAICD, CAHRI, DipSupÉtsJuris, GDipBIA, LL.M
Executive Director

