Aboriginal Community Controlled Health Service Funding

Report to the Sector 2011

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Introduction

This report presents findings from an analysis of the funding received by 28 Aboriginal Community Controlled Health Services (ACCHSs) in the 2007/2008 financial year and the reporting requirements attached to that funding. This study's aim was to contribute to efforts – on the part of both governments and the ACCHS sector – to streamline and simplify funding and accountability arrangements.

We undertook this survey as a follow-up to *The Overburden Report*,[1] which examined the current onerous and complex system of accounting and reporting faced by ACCHSs, and recommended fewer contracts for longer periods and the development of long-term relationships between services and funders. Our aim was to update the information from the first study with data from a larger sample and a more recent financial year. This is necessary because while individual local, State and Commonwealth Government departments and non-government organisations (NGOs) have an overview of their own funding and accountability requirements, no agency provides accurate information about the total funding and accountability picture for the ACCHS sector.

This report was funded by the Lowitja Institute (incorporating the Cooperative Research Centre for Aboriginal and Torres Strait Islander Health) and supported by Flinders University, the University of Northern British Columbia in Canada and the Australian Institute of Aboriginal and Torres Strait Islander Studies.

[1] J. Dwyer, K. O'Donnell, J. Lavoie, U. Marlina & P. Sullivan 2009, *The Overburden Report: Contracting for Indigenous Health Services*, CRCAH, Darwin. Available at: <http://www.lowitja.org.au/crcah/list-crcah-publications>.

Method

A survey questionnaire was designed and distributed to 134 ACCHSs in December 2009, using databases drawn from listings on the websites of the National Aboriginal Community Controlled Organisation (NACCHO), the Office for Aboriginal and Torres Strait Islander Health (OATSIH) and the Office of the Registrar of Indigenous Corporations (ORIC). We included those organisations that had a core or major role to provide primary health care (PHC) to Aboriginal and Torres Strait Islander people. We excluded Aboriginal and Torres Strait Islander community organisations where the main purpose was not health care, and those that provided only a single health-related service or a narrow range of health activities not including primary clinical care.

The questionnaire comprised two parts, the first being a set of 5 questions about core funding, number of grants received during the 2007/2008 financial year, the number of financial and activity reports required, and the time spent in the production of those reports, as well as space for comment. Part 2 requested summary financial information on each grant received that year (see Appendix: Survey Form).

ACCHSs were sent a mail follow-up in February 2010, supplemented by a reminder email and/or telephone call. Thirty-three services responded to the survey: two incomplete responses were excluded and three ACCHSs actively declined to participate.

Data from the second part of the survey were combined with information from 19 of the responding ACCHSs' audited reports and financial statements, which were either provided to us directly, or accessed from publicly available sources. These results were then used to supplement (and occasionally amend) survey responses, enabling a complete financial analysis of 28 ACCHSs, representing 21 per cent of the sector nationally.

We then analysed the data to generate a profile of the scale and complexity of separate funding grants received by the ACCHSs. We excluded data about income derived from internal business, membership fees, grants carried forward from previous years, and income without a clear source (such as sundry and miscellaneous). The source of income was then categorised as being Commonwealth government, State/Territory government, local government or other (NGOs and donations). Grants for programs or activities reported by ACCHSs were grouped into four categories: health; community services; infrastructure and support (capital, management, human resources, staff education, or information and communication technology); and other.

Results and Discussion

One hundred and thirty-four ACCHSs were identified as providing a range of comprehensive PHC services in Australia. Table 1 shows both the distribution of ACCHSs throughout Australia, and those in this study sample. Our sample is representative of the ACCHS sector in terms of geographical location, with the exception of the Northern Territory, where it is significantly larger, and is comparable in range of funding size to the sector as a whole (as indicated by reference to the sample available on the ORIC database).

Table 1: Distribution of ACCHS (meeting inclusion criteria) in 2007/2008

	ACCHS in the sector (n=134)		ACCHS in the study sample (n=28)	
State/Territory	**Number**	**Percentage**	**Number**	**Percentage**
New South Wales	40	30	7	25
Queensland	25	19	4	14
Victoria	27	20	4	14
Western Australia	18	13	3	11
Northern Territory	12	9	6	21
South Australia	10	7	3	11
Australian Capital Territory	1	1	1	4
Tasmania	1	1	0	0
TOTAL	134	100	28	100

Amount and range of grant funding

The study showed that there has been little or no change since our previous study. The number of funding grants received by ACCHSs in the new study (Figure 1) ranged from 2 to 60, with an average of 21 grants, a pattern almost identical to the previous study (range 6–51, average 22). Similarly, total grant funding (Figure 2) ranged from just under $200,000 to more than $14million (compared to less than $600,000 to more than $14million). The size of individual funding grants (Figure 3) ranged from less than $1000 (2 per cent of grants) to more than $1million. Allocations that exceeded $1million (4 per cent of grants) were primarily core funding for comprehensive PHC service delivery, while 59 per cent of grants were for $100,000 or less.

Figure 1: Number of grants

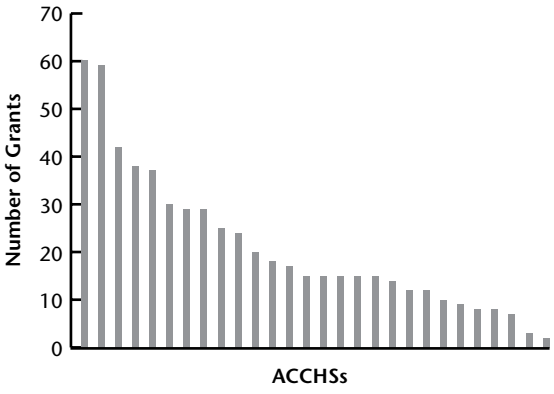


Figure 2: Total grant funding

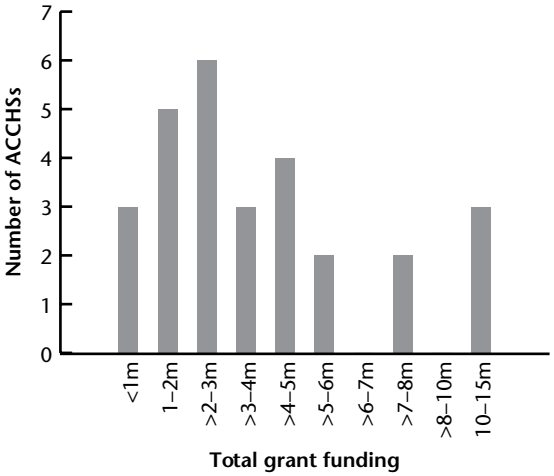
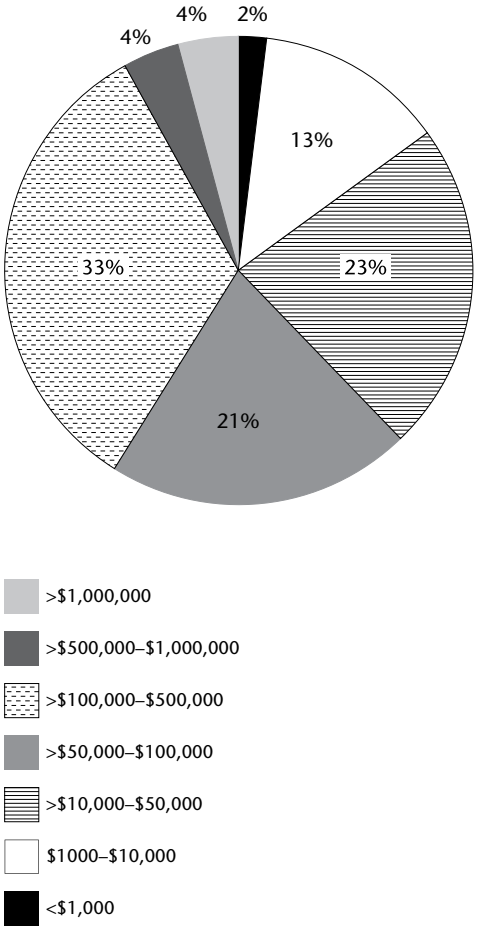


Figure 3: Range of grant sizes



Sources of funding

In 2007/2008 the two major funders of the sample ACCHSs were Commonwealth and State governments, which together were responsible for approximately 93 per cent of the grants, and 99 per cent of total grant funding (see Figures 4 and 5). Of this, the Commonwealth Department of Health and Ageing (which includes OATSIH) funded 39 per cent of total grants (n=232), while the Department of Families, Housing, Community Services and Indigenous Affiars (FaHCSIA), the Department of Education, Employment and Workplace Relations (DEEWR) and the Attorney General's Department supported the majority of remaining Commonwealth grants.[2] State and Territory health departments were responsible for the largest group of State government grants, accounting for 16 per cent (n=97) of total grants funded, with much of the remaining State funding coming from community services departments.

On average, grants from the Commonwealth government were larger than those provided by State and local governments or other sources (see Figures 4 and 5). In this study, 72 per cent of the funding, but only 51 per cent of the grants, came from the Commonwealth government. State and Territory governments provided the majority of remaining funding (27 per cent), but this accounted for 42 per cent of grants. 'Other' sources (such as from NGOs) represented only 1 per cent of the total funding received, and over 7 per cent of grant numbers. Revenue from local government accounted for only two grants in the 2007/2008 sample.

Figure 4: Percentage of grant funding amount by source

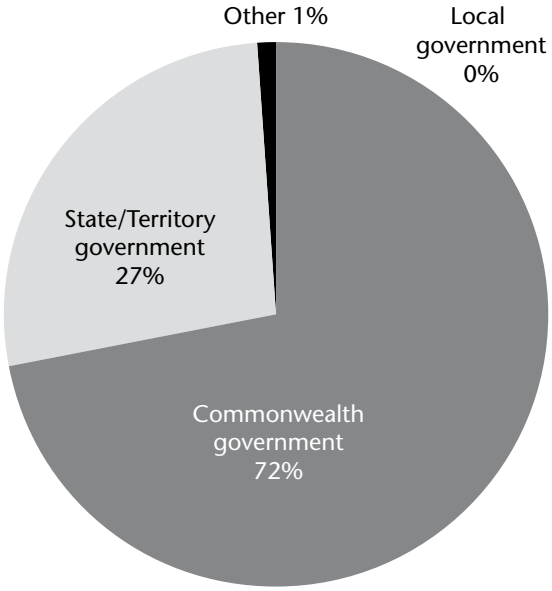
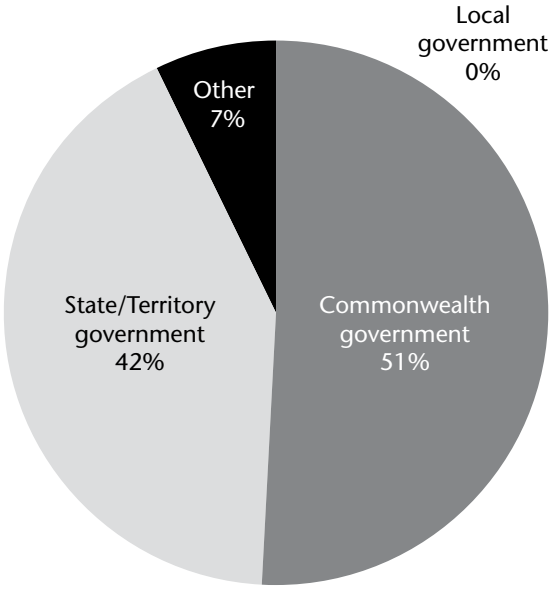


Figure 5: Percentage of grants by source



[2] Grants were categorised as State or Commonwealth government according to which department allocated and paid the funds to the ACCHS. This method does not capture Commonwealth contributions through joint Commonwealth/State funding, which is allocated to providers by the State government (principally Home and Community Care).

Purpose/categories of grant funding

Each funding grant was categorised according to its purpose. The health category included funding for clinical primary care, aged care, and for health promotion and population health services. Funding for community services ranged from art and cultural activities and youth programs, to sport/recreation and activities to help families in need during financial crisis, job training and family reunions for the Stolen Generations.

The infrastructure category included all funding specifically for capital and equipment; information and communication technology (ICT) systems; support activities such as quality improvement, transportation, accreditation, professional education and training; and other human resource activities. The distinction between a health service and community service was occasionally difficult to determine, particularly in the areas of aged care and children's activities. In these cases, government policy documents and websites describing the purposes of programs were consulted and judgments made.

Health grants were the largest category overall and, on average, were for larger amounts of money. Health represented 52 per cent of the grants, and 76 per cent of the total funds in 2007/2008. In contrast, the other three categories had greater grant numbers but for lower amounts of money. Community services encompassed 26 per cent of grants and 14 per cent of funds; ICT held 10 per cent of grants and 2 per cent of funding; and the remaining 'Other' category attracted 7 per cent of grants and 12 per cent of funds (Figures 6 and 7).

Figure 6: Grant categories

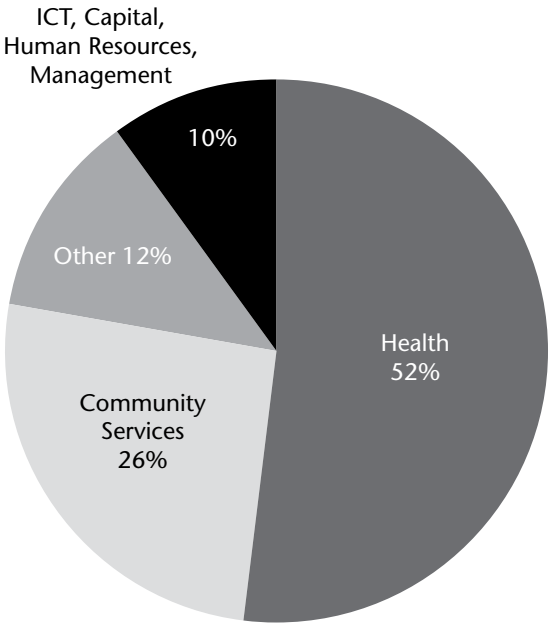
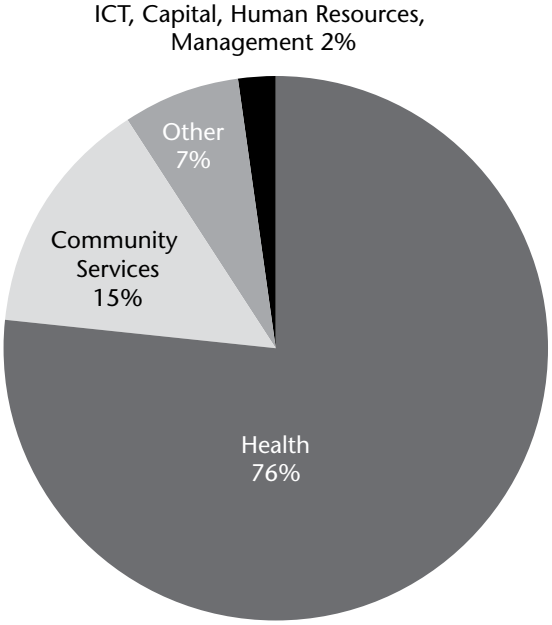


Figure 7: Percentage of grant funding by grant category



Security and duration of funding

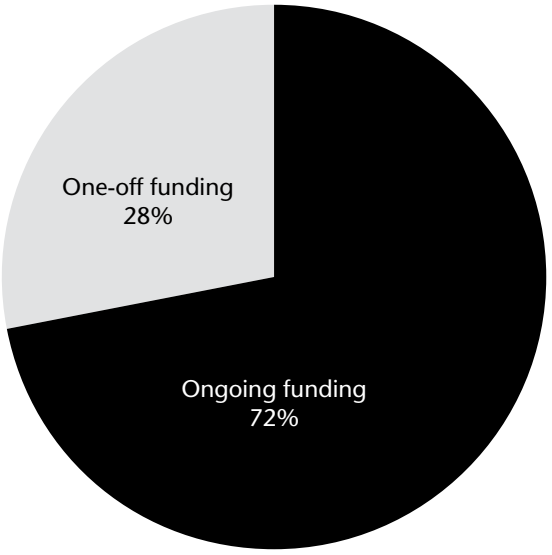
In 2007/2008, 2 per cent of all grants to the sample ACCHSs were for a five-year period; less than one-third (29 per cent) were for three years and these were primarily provided by OATSIH and State health authorities. Of the remaining grants, 59 per cent of total funding was shorter term (from one to less than three years), and 10 per cent were for less than one year (Table 2). That is, nearly seven out of 10 grants were for less than three years. Similar to other non-government organisations, ACCHS funding contracts are almost entirely time limited, and regularly require new submissions and contracts. Paradoxically, much of the funding continues from period to period and is treated by both funding bodies and ACCHSs as ongoing in practice.

Respondents were asked to report on the proportion of the funding they regarded as 'ongoing', as opposed to 'one-off'. In common with other studies,[3] it was found that the vast majority of funding (72 per cent in this study) is regarded as ongoing in practice, even though it is all constructed as time-limited contracts (Figure 8).

Table 2: Length of grants

Length of grant	Percentage of total grants
<1 year	10%
1 year	51%
>1–3years	8%
3 years	29%
5 years	2%

Figure 8: Ongoing vs One-off funding



[3] Effective Change 2008, 'Review of DHS Reporting Requirements for Aboriginal Community Controlled Organisations', unpublished report prepared for Department of Human Services, Melbourne, p. 16; Morgan Disney and Associates 2006, *A Red Tape Evaluation in Selected Indigenous Communities*, Morgan Disney and Associates Australia, p. 49.

Core versus targeted funding

In this study all 28 respondent ACCHSs received core funding, varying from just over $100,000 to $7.4million (Figure 9), which accounted for 13 per cent to 75 per cent of total grant funding (Figure 10), with an average of 49 per cent. This compares to 18/21 agencies receiving core funding (varying from 14 per cent to 73 per cent of total funding) in the first study. However, the terms used to describe this important category of funding varied between organisations, and we referred to government sources and audited financial statements to assist in this analysis.

There is an important distinction between 'core' and 'targeted' funding. Core funding (sometimes identified as PHC funding, Primary Health Care Access Program, or operating grant) can be used for the full range of services and administration, while targeted funding is quarantined for particular activities or services (such as ear health or youth health). Funding guidelines may specifically require that no resources are allocated to administration, transport etc., and funding levels may not provide adequately for salary on-costs (such as workers' compensation insurance). The balance between core and targeted funding is an important factor for administrative complexity, and for workforce and organisational sustainability.

Figure 9: Core funding

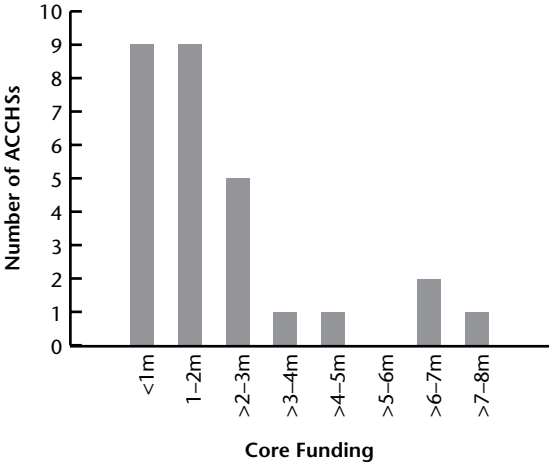
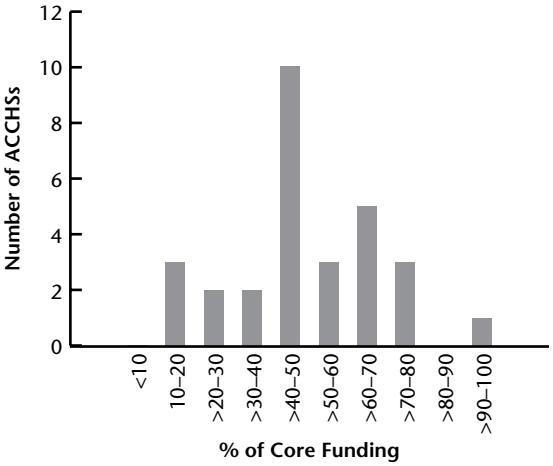


Figure 10: Percentage of core funding



Reporting requirements

Each year, the ACCHSs in the sample produced an average of 22 financial reports and 20 activity reports (statistical and other summaries of the services provided), equating to an average of 42 reports for 21 grants. ACCHSs reported that an average of 21 working hours (or 2.8 working days) was required to produce a financial report and 27 working hours (or 3.6 working days) for an activity report (Table 3).

Nearly two-thirds of ACCHS respondents provided written comment on grant reporting, and they all identified difficulties in meeting the reporting requirements of the funding organisations. The most documented concern related to the *excessive detail required in the financial reports (R10);* and the time spent producing the reports:

> *Some reports require a lot of detail and take up to 76 hours to produce. Others are fairly straightforward and can take 2–4 hours. (R1)*

> *For small ACCHSs the load is nearly impossible – more admin. help would be great but where would they stay? (R4)*

> *The preparation time for the required reports is estimated to be a total of 300 man days per annum. This figure includes approximately 65% of the work time of the contract manager, a new appointment needed to reduce the reporting and contract management load on other professional staff. It also includes the data extraction and writing time of finance staff, program managers, database operators and executive staff (e.g. CEO, Senior MO) and external contractors… It does not include any data input time for electronic or printed records needed in the reporting process. (R21)*

Respondents also identified difficulty with the practice of some funding bodies that require multiple separate contracts, which generated the need for a large number of reports:

> *Generally all the funding needs to be acquitted as per the funding quidelines of each individual grant (R15).*

In general, reporting was found to be *extremely time consuming (and) very often for similar info (R22).*

Table 3: Completed reports

Measure	Number of financial reports	Number of activity reports	Time required for financial report (hours)	Time required for activity report (hours)
Average	22.27	20.16	21.27	27.10
Median	17	16	23.8	12.5
Minimum	2	2	0.5	0.5
Maximum	70	70	200	131.25

Conclusion

The results of this study confirm the complexity in funding and reporting requirements documented in *The Overburden Report*, with no significant shifts in the pattern of funding and reporting identified. The measure of reporting burden (retrospective self-reporting) is approximate at best, but this study has established a baseline measure that could be tested in a more systematic way at the point of reporting.

Aboriginal Community Controlled Health Services play a significant role in their communities and in the health system as a whole. They remain the only sector of the health system that provides a broad range of essential primary health care services from a base of short-term fragmented contracts from multiple sources. Although ACCHSs staff estimates of the time required for reporting must be regarded as only approximate, the excessive amounts of time recorded do indicate some of the costs of contract management. Thus, despite positive efforts to streamline and simplify funding contracts and the associated reporting requirements, there is still plenty of room for a reduction in 'red tape'.

Appendix 1: Survey Form (Reformatted)

the Overburden project

CONFIDENTIAL SURVEY: 2007/2008 FUNDING

Please complete and return by 24th December 2009
Health Care Management, Health Sciences Building
Flinders University, GPO Box 2100, ADELAIDE SA 5001

This survey has been sent to you because your organisation has been included in our listing of Aboriginal Community Controlled Health Services. If your organisation is not primarily involved in providing primary health care, please let us know. This survey can be completed on the pages below or emailed to you on request. If you have any questions, please contact:

Ms Kim O'Donnell on 08 8201 7768 or by email: Kim.odonnell@flinders.edu.au

Part 1: Grants and reporting overview

ACCHS name:

No	Description	YES	NO
1.	Does this ACCHS have core PHC funding? *Core PHC funding is for general PHC purposes (including support and administration) rather than a particular program or project; and allows some flexibility in the use of the money. OATSIH uses terms such as 'Global Allocation', 'SDRF funding'. Your state health authority may also give a core operating grant.*		
2.	How many separate grants or contracts did this ACCHS receive during 2007–2008 financial year?		
3.	How many reports did this ACCHS have to send to funding bodies during the 2007–2008 financial year to account for these grants?		
	Number of financial reports		
	Number of activity reports		
4.	Please estimate the **average** time it takes you or your staff to produce each financial report to funders (excluding the annual statement for the whole organisation)?		

5.	Please estimate the **average** amount of time it takes to produce each activity report to funders?	
6.	Any comments:	

Part 2: Financial Report 2007–2008

In this section, you are asked to complete one line of the table below for each separate grant or funding contract your agency received for use in 2007/2008. 'Separate' means separate financial and activity reporting for the grant or contract is required; and/or a separate funding body or funding line is involved.

Program / Project Name	**Type of activity/ service funded** Please leave blank if program/ project name makes the purpose clear	**Funding body** Name of department or organisation	**Type of funding body** C: C'wealth S: State L: Local Government O: Other	**Length of funding** Number of years of funding for this grant or contract. If less than one year, write '0'.	**Do you expect this funding to continue?** Yes / No	**Amount $**
				TOTAL FUNDING		

Thank you for completing this survey. We will send you a copy of the report of our analysis.

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