



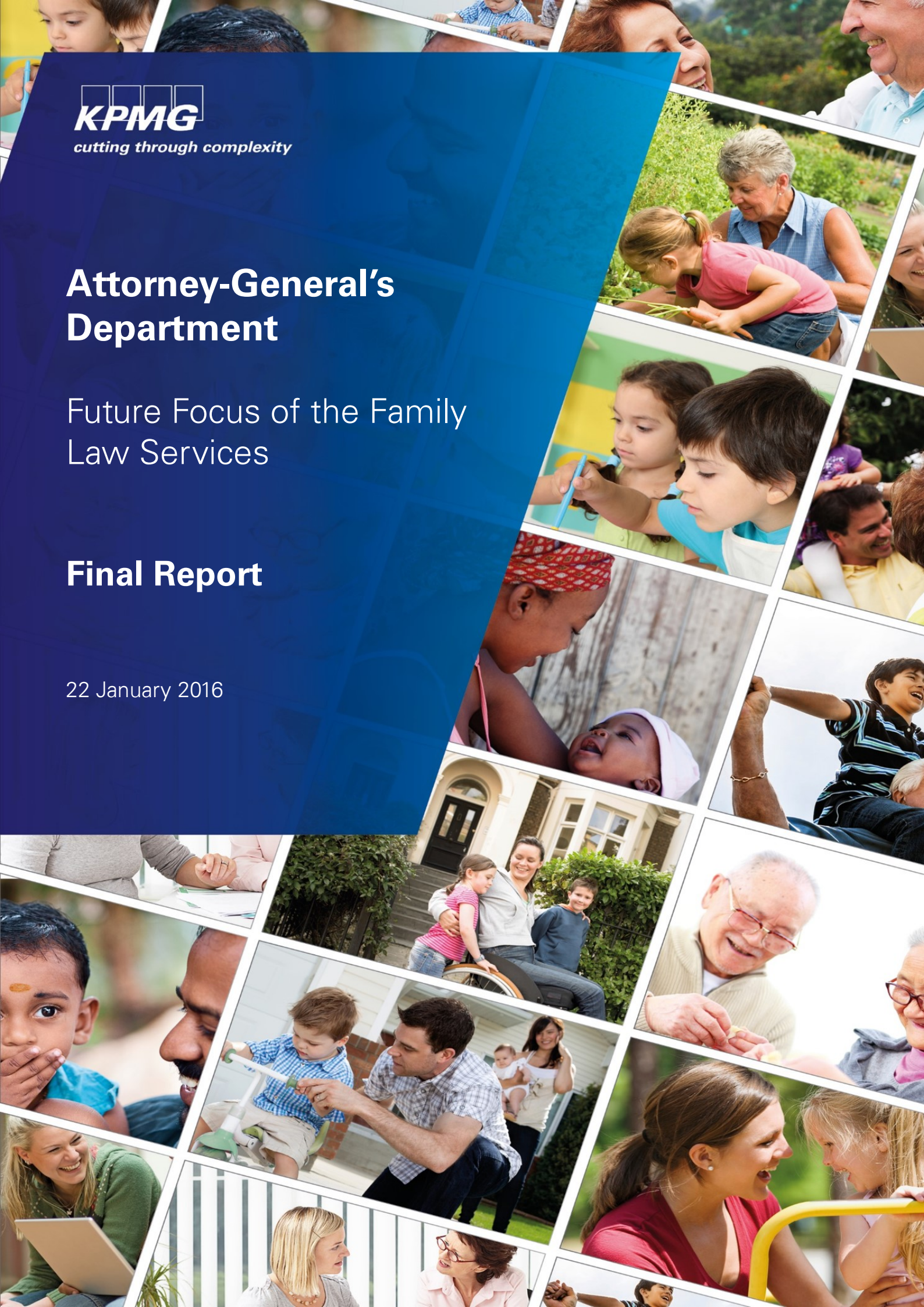
*cutting through complexity*

# Attorney-General's Department

Future Focus of the Family  
Law Services

## Final Report

22 January 2016



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# Glossary

AGD	Attorney-General's Department (Cth)
ATO	Australian Tax Office
ATSI	Aboriginal and Torres Strait Islander
CALD	Culturally and Linguistically Diverse
CCS	Children's Contact Services
CFDR	Coordinated Family Dispute Resolution
CLCs	Community Legal Centres
DSS	Department of Social Services (Cth)
FDR	Family Dispute Resolution
FDRP	Family Dispute Resolution Practitioner
FLS	Family Law Services
FRAL	Family Relationship Advice Line
FRCs	Family Relationship Centres
FRO	Family Relationships Online
FRSA	Family Relationship Services Australia
LGA	Local Government Area
MOU	Memorandum of Understanding
MSP	Men's Support Professional
NBN	National Broadband Network
POP	Parenting Order Program
PSCP	Post Separation Cooperative Parenting
RFDR	Regional Family Dispute Resolution
SFVP	Specialist Family Violence Professional
Service provider	Organisations funded to deliver the family law services across Australia
Service outlet	Geographic location within which family law services are delivered. May include more than one service type
Service type	One of the streams within the family law services (i.e. Family Law Counselling, Post Separation Cooperative Parenting)
TDRS	Telephone Dispute Resolution Service

# Executive Summary

## Overview

The Family Law Services (FLS) are a suite of out-of-court services delivered across Australia by family law service providers on behalf of the Attorney-General's Department (AGD) (Commonwealth). The services aim to provide alternatives to formal legal processes for families who are separated, separating or in dispute to improve their relationships in the best interests of children. The services emphasise non-adversarial and early dispute resolution and are designed to divert family disputes from the court system.

KPMG has been engaged to provide advice and assist in:

***Identifying how the future needs of the Australian community for family law services (FLS) can be best met over the long term and in a sustainable way.***

The project aimed to address three key questions posed by AGD:

- How can the current location and distribution of family law services be optimised, based on current and projected demographic change and future demand for family law services?
- What opportunities exist for family law services to partner or collaborate with other services to improve service delivery to families?
- What options exist for future alternative service delivery and funding models for family law services? Value for money and innovative approaches were particularly sought.

In response to these questions, KPMG's approach to this engagement involved three key streams of work:

- **Service needs mapping and forecasting** to determine the current and future demand for, and distribution of, services
- Identification of good practice and trends in **service collaboration**, both between the family law services and with other socio-legal services
- Exploration of alternative **service delivery and funding models** for family law services.

The analysis and findings from these streams of work have been brought together in this report. KPMG has provided an overview of the FLS, contextualising the services into the broader socio-legal sector and identifying key observations/issues for policy and service delivery, and for service location and distribution. Options and factors for consideration regarding the future focus of FLS have then been provided in four categories (location and distribution, service collaboration, alternate service delivery and funding models).

## Deliverables

Three key deliverables have been provided to AGD as a result of this engagement. They are:

- **The Tableau Model** - an interactive map depicting the location of the family law services, overlaid with future demographic and population projections. This dynamic model will allow AGD and service providers to undertake a visual analysis of the future needs of the Australian population to inform policy decisions regarding service distribution and location. The model has been developed in consultation with AGD and Department of Social Services (Cth) (DSS), and successfully trialled prior to handover. Included with the Tableau Model is a user guide.
- **The Service Collaboration Framework** (Appendix 5) - a compilation of good practice case studies in service collaboration within the family law and socio-legal services, informed by good practice research, consultations with service providers and supplemented by high level implementation guidance.
- **This report** - which outlines our observations and recommendations.

## Project approach

The project was conducted according to the methodology outlined in the table below.

Table 1: Project methodology

Phase	Description
<b>Project initiation</b>	KPMG developed a detailed project plan, which confirmed the objectives and scope of the project, and the deliverables and timeframes.
<b>Service needs mapping and forecasting</b>	KPMG mapped current demand for family law services by geographic location, and forecasted future service needs based on demographic changes and other demand drivers. This was drawn from client data from DSS, Australian Bureau of Statistics (ABS) statistical information and qualitative findings as appropriate.  Interactive tableau maps and dashboards have also been developed, presenting data on family law services and demographic characteristics of the population by each Local Government Area (LGA).
<b>Service collaboration</b>	KPMG undertook desktop research to identify opportunities and trends in collaborative practice among social service providers within Australia and internationally. A draft Service Collaboration Framework was developed which articulated good practice approaches, enablers and policy settings to improve service collaboration among family law services providers.  A series of five workshops and individual meetings were undertaken with service providers across Australia to test and refine the Service Collaboration Framework. Case studies from service providers were also developed from good practice identified through these workshops and meetings.  KPMG further consulted with Family Relationship Services Australia (FRSA), the peak body associated with FLS, and circulated a summary of the workshop themes to all providers via DSS contract managers, seeking further feedback.
<b>Service delivery and funding model</b>	A scoping paper was developed to provide a spectrum of alternative service delivery and funding models for family law services. These models were considered by AGD, and three models were developed in further detail as part of this report.
<b>Analysis and reporting</b>	Key findings and opportunities were presented to AGD on 25 November 2015.  A draft report which consolidated the analysis, findings and opportunities identified was provided to AGD on 11 December 2015.  A subsequent final report was to be provided to AGD on 22 January 2016.

## Data and limitations

KPMG's analysis has been limited by the quality of existing client data and currency of ABS Census data. All analysis undertaken has used 2014-15 FLS registered client data provided by AGD and DSS. For this reason, key findings are limited by the data collection methodology of each service provider, which in turn has impacted on the overall accuracy and completeness of data provided by AGD and DSS. There are particular concerns that the data does not accurately represent the number of unique clients. This analysis has assumed the number of registrations can be a proxy for the number of unique registered clients. There is also variation in how services are delivered across jurisdictions.

Where appropriate and stated, data has been compared to other available data sets, including Census data and KPMG population projections. As the most recent update of Census data occurred in 2011, the demographic characteristics of the Australian population will have changed since then, with even a small percentage change likely to have a meaningful change to the number of people with those characteristics, and therefore will have an impact on the projected demand for FLS.

This analysis has compared data at two separate points in time (2011 Census data and 2014-15 FLS client data) to provide an indicative view only of the demographic characteristics of FLS clients compared to the general population. The next update of Census data will be provided in mid-2017 which will provide a more accurate basis upon which to undertake comparative, detailed analysis.

Inconsistent data definitions and categories inhibit the ability to accurately compare across data sets, and limit the efficacy of the Tableau Model. KPMG has identified the source of all data used during this report, and has made no attempt to independently verify the information. Where findings or conclusions do not align with broader trends and understandings in socio-legal services, this has been noted.

## The Family Law Services

Significant reforms to the family law system were implemented in 2006. Since that time, FLS have become a central part of Australia's response to family separation. They provide information, referrals and critical services to the community, effecting a shift away from legal responses and towards cooperative post-separation parenting. These reforms resulted from the recommendations of a 2003 inquiry by the House of Representatives Standing Committee on Family and Community Affairs *Every Picture Tells a Story* Report.<sup>1</sup>

Central to the reforms was the establishment of a network of 65 Family Relationship Centres (FRCs), designed to act as a single gateway into the family law system. The 2006 reforms aimed to 'represent generational change in family law' and bring about a cultural shift 'away from litigation and towards cooperative parenting.'<sup>2</sup>

These reforms were designed to create a more coordinated and effective family law system. This was to be achieved by placing an emphasis on providing early dispute resolution and avoiding adversarial court and litigation-based pathways, while developing a family law system that was less adversarial in its mentality, and that put the needs of children first.

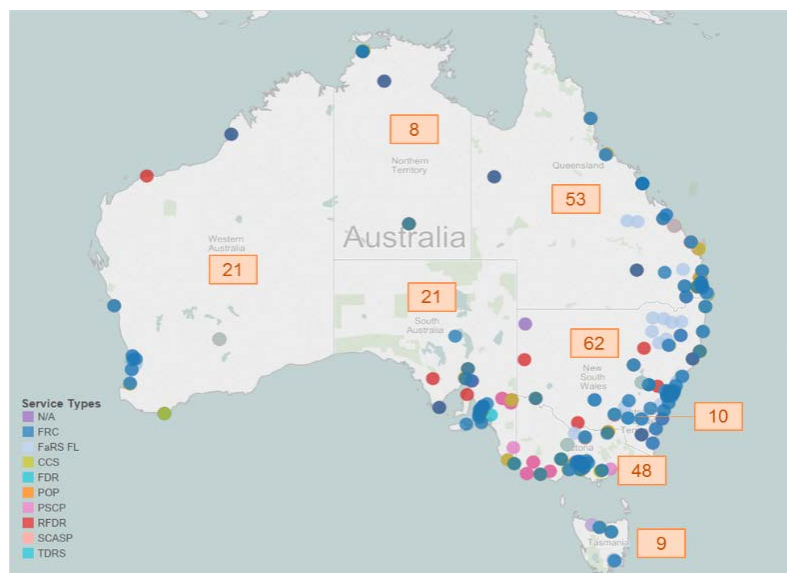
Today, FLS constitute one of six streams of the DSS Family and Children Activity Group. It is funded by AGD and administered by DSS. The suite of FLS covers face-to-face, digital and telephone service provision. While the FRCs are intended as the 'front door' to the services, they operate under a 'no wrong door' approach, with all services required to refer clients on to the most appropriate service if they deem that they cannot meet their needs.

Across Australia, FLS are administered by 66 providers for the five year funding period 2014-15 to 2018-19. Not all service providers are funded to deliver the full suite of FLS, and many providers are funded to deliver other state or federally funded socio-legal services. These services may complement the provision of FLS, with some overlap for certain services.

In 2014-15, services were provided to approximately 95,000 registered clients, 100,000 unregistered clients and additional advice line users. FRCs received 49 per cent of the funding for the 2014-15 to 2018-19 period, and serve a correspondingly high proportion of clients.

The map below depicts the location of service outlets across Australia, showing a concentration on the eastern seaboard in line with the general population distribution. In order to make an assessment of the future demand on FLS, KPMG has analysed data provided by DSS to identify client demand drivers.

Figure 1: Family Law Service outlets across Australia



Source: DSS provided data

<sup>1</sup> House of Representatives Standing Committee on Family and Community Affairs, *Every Picture Tells a Story; Report on the inquiry into child custody arrangements in the event of family separation*, December 2003, Canberra.

<sup>2</sup> Family Law Amendment (Shared Parental Responsibility) Bill 2005, Explanatory Memorandum, p. 1.

## Key policy and service delivery observations

A high-level description of current arrangements and identification of observations and issues across a number of key policy and service delivery components is outlined below.

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### Policy observations

#### Administrative arrangements

1. There are complexities and challenges with current administrative arrangements, with FLS being funded by AGD and administered by DSS. This may result in limited visibility from AGD of on-the-ground service provision.
2. Reporting requirements focus on quantitative measures of service use, and may not capture the full benefit of FLS to the community because it does not capture outcomes achieved.
3. In jurisdictions with a higher proportion of unregistered clients, an accurate understanding of the number and profile of clients using FLS may be difficult to determine, providing AGD with lower visibility of clients who use the services, and lower visibility of clients who may have a need for the service, but do not use the service.
4. Potential under-representation of at-risk cohorts in the registered client database may limit the ability of AGD to target services to meet specific groups.
5. There does not seem to be any explicit link between compliance with program reporting and the level of funding allocated to providers. Further, there are no contract specifications stipulating outputs (the number of clients served by a service provider or at a given location), or outcomes.

#### Current funding arrangements

6. Collectively, FLS received a total of \$777 million for the five year funding period, with allocation of this funding varied according to service type. FRCs receive almost 50 per cent of the total funding allocated to all eight service types, nationally. All remaining service types receive 10 per cent of funding or less.
  7. Given that FLS funding indexation has been subject to a three year pause, the funding for each FLS service has been modelled using the 2014-15 base year funding amounts and so assumes funding will be fixed over the five year funding period from 2014-15 to 2018-19.
  8. There are 66 FLS providers in total, and the number of providers varies by jurisdiction. New South Wales has the greatest number of providers (n=16) and Tasmania, Northern Territory and ACT each with the lowest (n=3 each).
  9. New South Wales and Victoria each receive less funding relative to their population. Queensland and Western Australia receive equal funding relative to population, and all remaining jurisdictions receive greater funding relative to population.
  10. There are a small number of providers dominating the FLS market. Nationally, 10 providers receive 60 per cent of the total FLS funding for the 2014-15 base year.
  11. There is a concentration of funding to providers in the larger jurisdictions. In larger jurisdictions (i.e. New South Wales, Victoria and Queensland), the majority of FLS funding for that jurisdiction (62 per cent or more) is granted to three key providers. In smaller jurisdictions, funding is granted predominantly to one key provider (i.e. South Australia, Tasmania, ACT, Northern Territory).
  12. The benefits of this market concentration include economies of scale for providers, and less administrative burden for Government managing providers.
  13. The risks of having fewer service providers in the market include less competition and innovation, and a risk that Government will not be able to continue delivering services should one or more of these large providers fail.
  14. The current funding envelope does not, however adequately meet the projected population increase for individuals aged 25-49, the cohort who have been found to most commonly use FLS.
  15. This is true for the current committed funding period (2014-15 to 2018-19) as well as the projected five year period following (2019-20 to 2023-24).
  16. The shortfall continually widens over time, and is anticipated to accumulate to \$21.2 million by the end of the 10 year period from the 2014-15 baseline.
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## Policy observations

### Access to justice

17. If demographic, social or cultural shifts brought about changes in demand, and required FLS to service a larger proportion of the population, it is likely that a significant funding increase would be necessary to maintain the current quality of service provision.
18. The tension between the provision of specialised care to at-risk cohorts and the provision of universal service may lead to FLS being unable to meet the needs of the broader Australian population or unable to meet the needs of at-risk and vulnerable cohorts.
19. Without increases to funding, the costs associated with specialised care for at-risk cohorts may impact the ability of providers to meet their needs, or reduce the number of specialised cases they have the capacity to take on.

### Parallel reforms

20. Competitive tendering may produce more efficient services for government and the public, but may also discourage collaboration between providers. Equally, encouraging collaboration among service providers may be perceived as at odds with the current competitive-tendering environment.
21. Outcomes-based funding may make providers more accountable to the services they provide and the achievement of client outcomes.
22. Recent reductions in legal aid funding may reduce the ability of FLS to provide Legally Assisted FDR, which may in turn reduce the number of cases with a legally-framed outcome, potentially resulting in less durable parenting agreements.
23. Increased funding for domestic violence may create a higher demand and have a tangible impact on the provision of FLS and associated collaboration with police, child protection and other relevant agencies.
24. Providers of FLS may have to navigate confidentiality concerns arising from trends in data matching across the socio-legal services, making collaboration more difficult, with potential to compromise better outcomes which may be achieved with more information sharing.

### Other social, economic and technology trends

25. There is growing pressure on community services to achieve 'more with less', placing pressure on FLS to develop increasingly efficient means to deliver services.
  26. The increasing number of non-nuclear families and de facto separations may create additional legal complications (i.e. around custody of children) which practitioners will need to address.
  27. Increasingly, clients have a preference to access information remotely and digitally, yet still enjoy a personalised service experience. Providers of FLS may have to adapt their service provision to meet these needs.
  28. Trends in technology, such as distribution of public services across channels, mobile applications, cloud computing, data and analytics and trends toward a mobile workforce have the potential to impact on service delivery within FLS in the future.
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## Service delivery observations

### Client profile and complexity

29. FLS providers are seeing increasingly complex client needs which require additional funding, time and are characterised by a higher risk profile.
  30. Increasingly, in order to meet the needs of complex clients, providers have had to collaborate with other socio-legal services, such as mental health, alcohol and other drug, domestic violence and child protection services.
  31. It is possible that there is some unmet need within the Aboriginal and Torres Strait Islander (ATSI) and culturally and linguistically diverse (CALD) communities, with DSS data indicating ATSI clients are over-represented, while CALD clients are under-represented in the FLS client profile. The limitation on data discussed earlier prevents us from being more conclusive on this matter, and further investigation may be warranted.
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## Service delivery observations

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32. Utilisation of outcomes-based funding models may not be appropriate given the complexity of client need and the potentially extensive period of time taken to meet the full range of a client's needs as they utilise a range of services.

## Current service delivery models/philosophies

33. The collaborative nature of socio-legal service provision requires providers to have a strong knowledge of the complementary services available in their geographic region for the purpose of client referrals.
34. Providers of FLS may require ongoing contact with clients over an extended period of time in order to meet the full range of their needs. High throughput is not necessarily an indicator of provider efficiency or success in meeting client need.
35. There are concerns that mainstream mediation models may not be culturally appropriate for ATSI clients. Some providers, however, have developed alternative models.

## Service wait times

36. Wait times beyond approximately four weeks for any service may be considered to be excessive, though for clients in distress, any wait period may compound issues.
37. Excessive wait times for Children's Contact Services (CCS) in some areas may be negatively affecting the ability of children to develop and maintain beneficial relationships with both parents.
38. Excessive wait times for CCS in some areas may be resulting in an increase in for-profit equivalents that do not operate in a regulated environment, potentially increasing risk.

## Service collaboration

39. Providers of FLS engage in effective collaboration through a variety of cross-provider and cross-sector initiatives, which results in better client outcomes.
40. Further collaboration amongst service providers may be constrained by the tension with competitive tendering, and a lack of available funds for pilot programs.
41. There may be gaps in collaboration with courts and the legal system, domestic violence services, child protection agencies, private practice lawyers and community groups supporting CALD and ATSI clients. This may be negatively impacting service provision to at-risk cohorts in some areas.

## Workforce capability and capacity

42. There are challenges for providers in managing their FLS workforce, with high staff turnover potentially resulting in disjointed service provision and additional expenses for providers in ensuring that all staff are appropriately trained.
43. Low staff wage rates and limited career progression may mean that FLS may not be attracting and retaining quality staff.
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## Key demand and service location observations

A summary of the key findings from analysis of the current demand profile for services, including the demographic characteristics of existing FLS clients, demographic demand drivers and the service utilisation across jurisdictions and by service type is provided below. The key findings from current service locations and future projected population growth are also summarised.

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## Data limitations

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44. The low level of accuracy and completeness of FLS client data collected has limited the ability to draw conclusive findings from the analysis. There is a need to standardise data collection methodology and to increase the proportion of registered clients.
45. FLS client data is collected according to data categories which are not directly comparable to ABS data categories.
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## Demand and service location observations

### Current demographic demand profile

46. Age was identified as the single most important demographic driver for use by FLS. People aged 25-49 are considerably over-represented among FLS clients when compared to the average Australian population.
47. No other demographic characteristic had a statistically significant impact on whether an individual was considered more or less likely to use FLS.

### Service utilisation across jurisdictions and by service type

48. The utilisation rate for regional areas (where applicable) is significantly greater than metropolitan areas.
49. For all jurisdictions, FRCs had the highest rates of use when compared with other service types.
50. Improvements in the accuracy and completeness of client data will enable the calculation of a target utilisation rate range and future detailed utilisation analysis.
51. Contextual factors must be considered in any utilisation analysis to understand the causes of variances and outliers from the target range.

### Existing service catchment areas

52. FLS catchment areas are no longer aligned with the updated ABS boundaries in which Census, demographic, economic, health and education data is collected, which has an impact on data analysis.

### Future service distribution and location analysis

53. The Tableau Model provides an interactive form of analysis to assess current and future demand for FLS services by LGA.
54. It is expected that strongest population growth will occur in metropolitan areas and regional centres. A high proportion of clients in Victoria, WA, NT and ACT reside in metropolitan areas, from 68 per cent (Victoria) to 100 per cent (ACT), compared to the Australian-wide population of 59 per cent.
55. Improved data quality and mapping of FLS catchments to current ABS areas is required before detailed service distribution and location analysis can be undertaken in a meaningful way.

## Options for improvement

KPMG has made a number of key observations regarding the functioning of FLS, based on the research, data analysis and consultations carried out as part of this engagement. For each key observation, a suggested option for improvement or factor for consideration has been identified. Further detail has been provided in section 5 of this report, with a high level summary provided below in Table 2.

Some options for consideration set out in the table below are potential 'quick wins' for AGD and DSS. Other options may require further research, consultation and consideration and, if selected, may require a longer timeframe to implementation. This is discussed further in section 5 of this report.

Table 2 – Key observations and options for improvement

Key observation	Option for improvement	Option category
The current funding model is based on the historic allocation of grant funding to providers, with no apparent link to client volume or outcomes	Funding model change	Funding models (options D1-D3)
There is potential for overlap across FLS service types	Merging of service types	Service delivery (option C4)
A general increase in client complexity has been observed and quantified	Encouraging efficient client pathways	Service collaboration (option B3)
Standard mediation models are often considered to be unsuitable for ATSI and/or CALD clients	Support for ATSI mediation models	Service collaboration (option B1)
Wait times to access CCS may be extensive, up to 6-9 months in some instances	Greater collaboration with the courts on children's contact orders	Service collaboration (option B4)

Key observation	Option for improvement	Option category
There may be resource constraints on providers in trialling new initiatives	Funding of pilot programs to support collaboration	Service collaboration <i>(option B2)</i>
There may be gaps in collaboration between FLS and legal and child protection services	Greater collaboration with child protection services and the legal sector	Service collaboration <i>(option B5)</i>
There is an increasing demand for FLS resulting in a need for innovative solutions to meet client need	Enhanced use of technology	Service delivery <i>(option C1)</i>
There is an increasing demand for FLS resulting in a need for innovative solutions to meet client need	Increased use of TDRS	Service delivery <i>(option C2)</i>
Contextual factors and local context must be considered in order to understand the optimal location and distribution	Sharing of the Tableau Model with service providers	Service delivery <i>(option C3)</i>
There are issues with the accuracy and completeness of current client data	Improve integrity and consistency of client data collected	Location and distribution <i>(option A1)</i>
There are outliers present in the DSS data which could indicate an irregularity in data collection methodology	Undertake further analysis of outliers in the data	Location and distribution <i>(option A2)</i>
FLS catchment areas are no longer aligned with ABS geographical areas	Realign contract catchment areas to ABS geographical classification areas	Location and distribution <i>(option A3)</i>
A number of pre-requisites (including A1 to A3) are required in order to undertake detailed service distribution and location analysis	Complete detailed service distribution and location analysis	Location and distribution <i>(option A4)</i>

The options identified in this report and the Service Collaboration Framework (SCF) include activities for AGD, DSS and service providers. The implementation of these activities will raise a range of resourcing, systems and roles and responsibility questions which will need to be resolved.

It is expected that some options, such as A4 and the funding model options, are longer term considerations and further work is required to confirm feasibility.

# 1 Introduction

This section provides an overview of the project background, scope and approach.

## 1.1 Project background

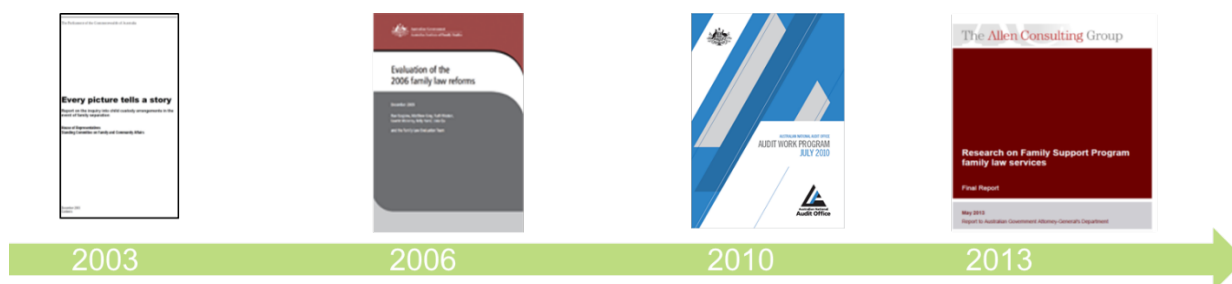
### 1.1.1 Overview

The Family Law Services (FLS) are a suite of out-of-court services delivered across Australia by family law service providers on behalf of the Attorney-General's Department (AGD) (Commonwealth). The services aim to provide alternatives to formal legal processes for families who are separated, separating or in dispute to improve their relationships in the best interests of children. The services emphasise non-adversarial and early dispute resolution and are designed to divert family disputes from the court system.

There have been a number of reviews of FLS over the past two decades, brought together by the 2003 'Every Picture Tells a Story Report',<sup>3</sup> and continued with the large scale reforms in 2006 that sought to 'represent generational change in family law...away from litigation and towards co-operative parenting'.<sup>4</sup> This reorientation resulted in a greater focus on the resolution of disputes out of court.

Since 2006, a number of reviews have examined various aspects of the family law system.

Figure 2 - Research into FLS over time



A comprehensive review of the 2006 reforms was carried out in December 2009 by the Australian Institute of Family Studies.<sup>5</sup> This review concluded that the system post-reform was broadly meeting the objectives of requiring parents to attempt mediation, and that there was evidence of more post-separation disputes being responded to primarily by family relationship services.

Other reviews have included the 2014 Productivity Commission report, *Access to Justice Arrangements*, and the 2013 ACIL Allen *Research on Family Support Program family law services* report, which was designed to help shape future directions in family law services, post-implementation of the new funding service arrangements from 1 July 2014 ('the Allen Report').<sup>6</sup> The Allen Report included analysis of existing service location and reach, whether services were meeting community needs and the ability of families to gain access to and navigate these services. The report also highlighted the need and opportunities for ongoing improvement to the FLS program.

<sup>3</sup> House of Representatives Standing Committee on Family and Community Affairs, *Every Picture Tells a Story; Report on the inquiry into child custody arrangements in the event of family separation*, (December 2003).

<sup>4</sup> Family Law Amendment (Shared Parental Responsibility) Bill 2005, Explanatory Memorandum, p. 1.

<sup>5</sup> Rae Kaspiew, Matthew Gray, Ruth Weston, Lawrie Moloney, Kelly Hand, Lixia Qu, *Evaluation of the 2006 family law reforms*, Australian Institute of Family Studies; December 2009.

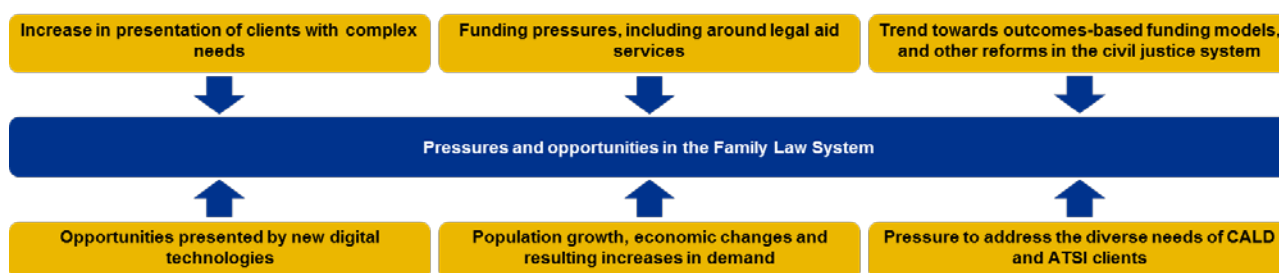
<sup>6</sup> The Allen Consulting Group, *Research on Family Support Program family law services; Report to Australian Government Attorney-General's Department*, May 2013.

These, and other, reviews identified a range of concerns with the system, including:

- that Australia’s civil justice system is ‘too slow, too expensive and too adversarial’<sup>7</sup>
- there may be a greater role for family law services in supporting people with family or domestic violence issues, and addressing current gaps in linkages between services may help to address this<sup>8</sup>
- there may be gaps (both geographical and in providing culturally appropriate services) in addressing the needs of Aboriginal and Torres Strait Islander (ATSI) and culturally and linguistically diverse (CALD) clients<sup>9</sup>
- there may be poorer service coverage in sparser states and territories, with the full suite of family law services not available in some areas<sup>10</sup>
- there may be issues or “pressure points” in client pathways through the family law system, which can become repetitive and complex.<sup>11</sup>

Other key pressure points and opportunities in the system include:

Figure 3 - Pressures and opportunities in the Family Law System



Overall, funding provided to family law services is to remain static over the next funding period, while there is expected to be general population growth and an increase in clients with complex needs. This will result in a need to consider innovative responses to meet the future needs of Australians.

## 1.1.2 Purpose of this review

In responding to these pressures and opportunities, and building on significant prior research and analysis of the sector, KPMG has been engaged to provide advice to assist in:

***Identifying how the future needs of the Australian community for family law services (FLS) can be best met over the long term and in a sustainable way.***

In relation to sustainability in FLS, consideration should be given to the National Indigenous Reform Agreement and its sustainability principle, which indicates that ‘programs and services should be directed and resourced over an adequate period of time to meet the COAG targets’.<sup>12</sup> While the services are not measured directly against the National Indigenous Reform Agreement outcomes and indicators, ensuring the ongoing sustainability of FLS for all cohorts remains an important objective. A paper reviewing the service delivery of the Family and Relationships Services defines ‘sustainability’ in relation to the

<sup>7</sup> Australian Government, Productivity Commission, *Access to Justice Arrangements; Productivity Commission Inquiry Report, Volume 1*, (No. 72, 5 September 2014).

<sup>8</sup> The Allen Consulting Group, Research on Family Support Program family law services; Report to Australian Government Attorney-General’s Department, May 2013, Rae Kaspiew, Matthew Gray, Ruth Weston, Lawrie Moloney, Kelly Hand, Lixia Qu, Evaluation of the 2006 family law reforms, Australian Institute of Family Studies; December 2009.

<sup>9</sup> The Allen Consulting Group, Research on Family Support Program family law services; Report to Australian Government Attorney-General’s Department, May 2013, Family Law Council, Improving the Family Law System for Aboriginal and Torres Strait Islander Clients, February 2012, Family Law Council, Improving the Family Law System for clients from culturally and linguistically diverse backgrounds, February 2012.

<sup>10</sup> The Allen Consulting Group, Research on Family Support Program family law services; Report to Australian Government Attorney-General’s Department, May 2013.

<sup>11</sup> Ibid.

<sup>12</sup> Ibid.

effectiveness of the service delivery model in rural, regional and remote areas.<sup>13</sup> In that paper, sustainability of workers to provide effective care to clients and the community is analysed at three levels:

- Organisation level – being the extent to which the organisation enables staff to deliver the program
- Program level – being the extent to which the program has access to quality staff who meet client needs
- Service level – being the extent and strength of service links with other services that support the same program.<sup>14</sup>

For the purposes of this report, KPMG has defined sustainability as having two essential characteristics: services are adaptable and affordable. Each of these characteristics is further outlined below.

### *Adaptable services*

Forecasting and adaptation – For services to be sustainable, services need to have the capacity to be able to recognise and respond to changing situations so that services can be delivered to provide future value and meet demand.<sup>15</sup> Feedback mechanisms need to be in place at the organisational, program and service level to be able to foresee, assess and plan for changes and future risks. At the organisational level, this involves monitoring factors that are impacting on the organisation and allied services. At the program level, forecasting involves being able to accurately monitor changing demand (volume) and needs for the service. At the service level, adaptation involves the capacity and autonomy (enough 'flex') within the system to be able to respond to local needs and to innovate when needed.

Strategic positioning and value – The value of the service to community may change over time, and this may be influenced by broader social, political, technological and economic trends. The context of services may change over time so that services may need to be nimble and flexible in order to respond to a changing context. Services may need to be redefined and refreshed with a renewed scope.

### *Affordable services*

For FLS to endure into the future, system constraints need to be recognised so that services are designed so that they are cost effective and affordable over the next 10 years.

It is now nearly a decade since the planning for the new and expanded family law services commenced, including the selection of locations for service outlets. In order to ensure long term sustainability of FLS, it is timely to examine the range of changes which have taken place across Australia since the 2006 reforms and expected future changes. In identifying these changes and building on existing current good practice in the sector, this report will provide AGD with research and insights into potential options and adjustments that may need to be made in order for the services to continue to meet the needs of Australians into the future.

## 1.2 Project scope

The project aimed to address three key questions posed by AGD:

- How can the current location and distribution of family law services be optimised, based on current and projected demographic change and future demand for family law services?
- What opportunities exist for family law services to partner or collaborate with other services to improve service delivery to families?
- What options exist for future alternative service delivery and funding models for family law services? Value for money and innovative approaches were particularly sought.

The key findings, observations and options outlined within this report have been developed by drawing on a synthesis of work from prior studies and evaluations, information collected during consultations with service

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<sup>13</sup> L. Roufeil & K. Battye, *Effective regional, rural and remote family and relationships service delivery*, Australian Institute of Family Studies, Available at: <<https://aifs.gov.au/cfca/publications/effective-regional-rural-and-remote-family-and-relationship>>, 2008.

<sup>14</sup> K. Battye, *Workforce shortages or dysfunctional service models?* Paper presented to the 9th Rural Health Conference, Albury. Available at: <<http://9thnrhc.ruralhealth.org.au/keynotes/?IntCatId=15#keynote9>>, 2007.

<sup>15</sup> Spark Strategy, *In Search of Sustainability: Thinking Beyond Funding Models*, Available at: <[http://info.sparkstrategy.com.au/hs-fs/hub/361599/file-541380507-pdf/In\\_Search\\_of\\_Sustainability\\_Thinking\\_Beyond\\_Funding\\_Models.pdf?](http://info.sparkstrategy.com.au/hs-fs/hub/361599/file-541380507-pdf/In_Search_of_Sustainability_Thinking_Beyond_Funding_Models.pdf?)>

providers across Australia, and analysis of demographic (and therefore service needs) trends likely to impact the family law services in the future.

It is noted that the project scope does not include consideration of the suitability of existing service types, amalgamation of services, duplication of services, or changes to the nature of services. It is also noted that contracts for the provision of family law services have been renewed relatively recently, and are not subject to re-tendering until 2019.

### 1.2.1 Deliverables

Three key deliverables have been provided to AGD as a result of this engagement. They are:

- **The Tableau Model** - an interactive map depicting the location of the family law services, overlaid with future demographic and population projections. This dynamic model will allow AGD and service providers to undertake a visual analysis of the future needs of the Australian population to inform policy decisions regarding service distribution and location. The model has been developed in consultation with AGD and DSS, and successfully trialled prior to handover. Included with the Tableau Model is a user guide.
- **The Service Collaboration Framework** (Appendix 5) - a compilation of good practice case studies in service collaboration within the family law and socio-legal services, informed by good practice research, consultations with service providers and supplemented by high level implementation guidance.
- **This report** - which outlines our observations and further options for consideration.

## 1.3 Project approach

KPMG’s approach to this engagement involved three key streams of work:

- **Service needs mapping and forecasting** to determine the current and future demand for, and distribution of, services
- Identification of good practice and trends in **service collaboration**, both between the family law services and with other socio-legal services
- Exploration of alternative **service delivery and funding models** for family law services.

The analysis and findings from these streams of work have been brought together in this report.

The project was conducted according to the methodology outlined in the table below.

Table 3: Project methodology

Phase	Description
<b>Project initiation</b>	KPMG developed a detailed project plan, which confirmed the objectives and scope of the project, and the deliverables and timeframes.
<b>Service needs mapping and forecasting</b>	KPMG mapped current demand for family law services by geographic location, and forecasted future service needs based on demographic changes and other demand drivers. This was drawn from client data from Department of Social Services (Cth) (DSS), Australian Bureau of Statistics (ABS) statistical information and qualitative findings as appropriate.  Interactive tableau maps and dashboards have also been developed, presenting data on family law services and demographic characteristics of the population by each Local Government Area (LGA).



Phase	Description
<b>Service collaboration</b>	<p>KPMG undertook desktop research to identify opportunities and trends in collaborative practice among social service providers within Australia and internationally. A draft Service Collaboration Framework (SCF) was developed which articulated good practice approaches, enablers and policy settings to improve service collaboration among family law services providers.</p> <p>A series of five workshops and individual meetings were undertaken with service providers across Australia to test and refine the SCF. Case studies from service providers were also developed from good practice identified through these workshops and meetings.</p> <p>KPMG further consulted with Family Relationship Services Australia (FRSA), the peak body associated with FLS, and circulated a summary of the workshop themes to all providers via DSS contract managers, seeking further feedback.</p>
<b>Service delivery and funding model</b>	<p>A scoping paper was developed to provide a spectrum of alternative service delivery and funding models for family law services. These models were considered by AGD, and three models were developed in further detail as part of this report.</p>
<b>Analysis and reporting</b>	<p>Key findings and opportunities were presented to AGD on 25 November 2015.</p> <p>A draft report which consolidated the analysis, findings and opportunities identified was provided to AGD on 11 December 2015.</p> <p>A subsequent final report will be provided to AGD on 15 January 2016.</p>

### 1.3.1 Data sources and limitations

#### Data sources

KPMG's analysis, findings and opportunities identified have been informed by:

- review and synthesis of desktop research, including previous research commissioned by AGD, policy documents, annual reports and broader social services sector reviews and reports (see the References section in this report for a full list of sources)
- analysis of DSS provided client data<sup>16</sup>
- analysis of DSS provided service provider data, such as outlet locations, wait times and funding
- ABS datasets, including:
  - Census: SEIFA IRSD 2011
  - Census: ATSI status (INDG)
  - Official population projections from the eight relevant state agencies rebased on ABS 2014 ERP data according to KPMG Demographics methodology.

When validating client data at workshops KPMG reported significant variations in client numbers between service provider datasets and the DSS dataset.

#### Data limitations

The report findings have been limited by:

- inconsistencies in data collection methodology of each service provider, which has impacted on the overall accuracy of data provided by DSS – in particular the accuracy of wait times data, registered client numbers and postcode data, outlet addresses, and client demographic information
- location data in the Tableau Model which may not exactly match the current locations of service outlets
- difficulties in determining the unique number of registered clients engaged with family law services as a result of inconsistent data collection methodology practices and potential issues with service providers capturing client session contacts rather than unique clients

<sup>16</sup> Note: Since the dataset includes a large number of clients (over 94,000) despite the strong data limitations, general trends about distribution patterns can be drawn with reasonable confidence.

- It is important to note that the client data received is the number of registrations per service type and by registration post code. This is assumed to correlate to unique registered clients, however due to differences in data collection methodologies, this may not always be the case. For the purposes of analysis, it has been assumed that the number of registrations can be a proxy for the number of unique registered clients
- the lack of data collected regarding the number of unregistered clients, thereby excluding this portion of clients from the analysis
- differences in service delivery approaches and practices across providers and geographies, which limits the broad applicability of findings outlined in this report and other deliverables to all service providers.

Given the above, many of the findings made in this report are qualitative in nature and are indicative forecasts only which can only be relied upon with the above limitations taken into account.

KPMG acknowledges that there are a number of limitations in using the DSS dataset. However, for the purpose of this report, it is the most reliable and nationally consistent baseline data available from which to develop a credible methodology designed to measure the size and distribution of FLS.

The data in this report should not form the sole basis for decision-making and should be supplemented with strong local knowledge and more in-depth data from service providers if possible.

### 1.3.2 Report structure

This report sets out the observations, options for change and recommendations identified and developed as part of this research project into FLS. The contents of each chapter are set out, at a high level, below.

#### 1. Introduction

*An overview of the project background, scope and approach.*

#### 2. The Family Law Services

*Information contextualising FLS into the broader socio-legal sector, including details on the establishment of the program and the services provided thereunder. This chapter includes a high level overview of the providers engaged to deliver FLS nationwide.*

#### 3. Key policy and service delivery observations and issues identified

*Identification and analysis of the implications of complexities within the policy settings and service delivery system associated with FLS. This includes the administrative arrangements, client profile and parallel reforms, programs and systems that impact the delivery of FLS.*

#### 4. Key demand and service location observations and issues

*Identification and analysis of the implications of changes in population (size and location) and demand drivers associated with FLS.*

#### 5. Options for change

*High-level analysis on the available options for change that AGD may wish to consider to ensure the ongoing efficiency, accessibility and cost effectiveness of FLS.*

#### 6. Funding model options

*High-level analysis on the available options for change that AGD may wish to consider with regard to the funding of FLS into the future.*

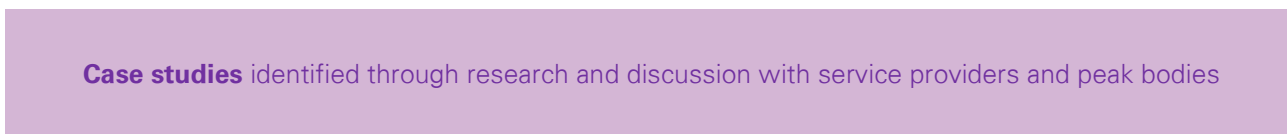
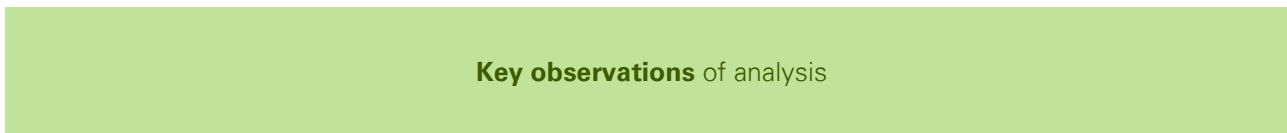
#### 7. Next steps and considerations

*KPMG has outlined a range of actions and other matters for AGD's consideration.*

# 1.4 How to read this report

This report has been prepared in consultation with AGD and sets out the key observations which may inform the future focus of FLS.

Throughout this report, key observations for consideration are identified in green boxes. Case studies signposting relevant information gathered during consultations are identified in purple boxes, as depicted below.



At the conclusion of relevant sections, key potential areas of interest for FLS are identified in blue tables. Factors for consideration, and options for addressing these issues, are addressed in Chapter 5 of this report. The tables set out a key for locating the corresponding section in Chapter 5, as outlined below.

Table 4 - Example option table

Area of interest	Option for improvement	Option category	Reference
Increasing client complexity	<b>Encouraging efficient client pathways</b>	Service collaboration	<b>B3</b>
Increasing demand for FLS resulting in a need for innovative solutions to meet client need	<b>Increased use of TDRS</b>	Service delivery	<b>C2</b>



It is recommended that this document be consulted alongside the Tableau Model and the SCF. A compendium of appendices is also supplied with this report. Together, these resources comprise the variety of options for future considerations in relation to FLS.

## 2 Family Law Services

This section provides a high-level description of the current suite of FLS, including background on the establishment of FLS, service types and administrative arrangements.

### 2.1 Overview and recent changes to FLS

The provision of mediation services for matrimonial disputes began in Australia in the mid-20<sup>th</sup> century. A number of changes have occurred in the years since, in order to continue to adapt service provision to the changing needs of Australians. The modern family law system arose from the introduction of no fault divorce and the establishment of the Family Court of Australia in the mid-1970s. Since that time, there have been a number of changes to the provision of family law services in Australia, the most recent and significant of which occurred in 2006.

Since the 2006 reforms to the family law system, FLS have become a central part of Australia's response to family separation. They provide information, referrals and critical services to the community, effecting a shift away from legal responses and towards cooperative post-separation parenting. These reforms resulted from the recommendations of a 2003 inquiry by the House of Representatives Standing Committee on Family and Community Affairs *Every Picture Tells a Story* Report.<sup>17</sup>

The report outlined two key recommendations for the family law services: that the family law system should be doing more to support children and young people who, through no fault of their own, found themselves involved in conflict between their parents, and that there was a need for co-operative, non-adversarial parenting that prioritised the needs of children.<sup>18</sup> Further, the report identified that there was a need to address gaps in the areas of child protection and family violence.<sup>19</sup>

As a result of the *Every Picture Tells a Story* Report, broad reforms to the family law system were undertaken in 2006. Paramount within these was the establishment of a network of 65 Family Relationship Centres (FRCs), designed to act as a single gateway into the family law system. The 2006 reforms aimed to 'represent generational change in family law' and bring about a cultural shift 'away from litigation and towards cooperative parenting.'<sup>20</sup> This was to be achieved by refocusing the family law services on:

- helping families to build strong, healthy relationships and prevent separation
- encouraging greater involvement by both parents in their children's lives after separation, and protecting children from violence and abuse
- helping separated parents agree on what was best for their child (as opposed to litigating), through the provision of information, advice and effective dispute resolution services
- establishing a highly visible entry point to FLS, that would also operate as a 'doorway' to other services, providing referrals where necessary.<sup>21</sup>

These reforms were designed to create a more coordinated and effective family law system, with an emphasis on providing early dispute resolution and avoiding adversarial court and litigation-based pathways. A concurrent aim was to develop a family law system that was less adversarial in its mentality, and focused on the development of solutions through mediation, that placed the needs of the child at the forefront of family discussion.

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<sup>17</sup> House of Representatives Standing Committee on Family and Community Affairs, *Every Picture Tells a Story; Report on the inquiry into child custody arrangements in the event of family separation*, December 2003, Canberra.

<sup>18</sup> *Ibid.*

<sup>19</sup> *Ibid.*

<sup>20</sup> Family Law Amendment (Shared Parental Responsibility) Bill 2005, Explanatory Memorandum, p. 1.

<sup>21</sup> Rae Kaspiew, Matthew Gray, Ruth Weston, Lawrie Moloney, Kelly Hand, Lixia Qu, *Evaluation of the 2006 family law reforms*, Australian Institute of Family Studies; December 2009.

The resulting legislative changes to the *Family Law Act* required parents to attend family dispute resolution before filing for a court application (with some exceptions, including in cases with concerns of family violence and/or child abuse), and placed an increased emphasis on the need for both parents to be involved in their children's lives after separation. This included a presumption in favour of equal shared parental responsibility. To supplement this, an increased emphasis was placed on the need to protect children from exposure to family violence and child abuse, and legislative support was introduced for less adversarial court processes in children's matters.

The creation of FRCs in 2006 signalled a commitment to providing greater care and support to separating families in a non-adversarial environment, and a clearly marked entry point to a system that could provide assistance to families across a wide, socio-legal scope.

Philosophically, FLS are designed for universal access for all Australians, with a 'no-wrong-door approach,' meaning each service is responsible for referring clients to another if they do not have the capacity or the capability to meet their needs.<sup>22</sup>

Research has demonstrated a sharp decrease in court filings involving children and children-plus-property since the 2006 reforms. This sharp drop was sustained until 2009-10 and has since stabilised to a decrease of approximately 25 per cent since 2004-05. A decrease of court filings across all categories of applications by 14 per cent was recorded in the same period.<sup>23</sup>

Data collected during a study by the Australian Institute of Family Studies (AIFS) indicates an increase in the complexity of cases reaching court post-2006, suggesting that a greater number of less complex cases may be being addressed during mediation.<sup>24</sup> These services remain a key mechanism by which the Australian Government addresses the needs of Australians and limits the number of disputes that unnecessarily enter the court system.

## 2.2 Description of FLS

### 2.2.1 Service types

FLS constitute one of six streams of the DSS Families and Children Activity group, which is part of the suite of services under Families and Communities within DSS. The other five streams under Families and Children (Family and Relationship Services, Communities for Children Facilitating Partner, Children and Parenting, Young People and Adult Specialist Support) are out of scope for this engagement.

Within FLS, FRCs are established as a 'front door' to the system. A number of clients will also enter the system through the Family Relationship Advice Line and Family Relationships Online webpage. Despite this, the program operates under a 'no wrong door' approach, with all services required to refer clients on to the most appropriate service if they deem that they cannot meet their needs. In addition, the program may receive referrals from other socio-legal services, and refer their own clients to other services. These relationships are outlined in Figure 4.

The suite of Family Law Services covers face-to-face, digital and telephonic service provision. Some services have overlapping service provision, such as within FRCs, Family Dispute Resolution (FDR) and Post Separation Cooperative Parenting (PSCP) / Parenting Orders Program (POP), all of which use mediation. FRCs, established as a core component of the 2006 reform package, secure the largest proportion of funding within the family law services. FRCs received 49 per cent of the total funding package for 2014-15 to 2018-19. Further information on the proportion of funding received by each service can be found in section 3.1.2. In 2013-14, services were provided to approximately 95,000 registered clients, approximately 100,000 unregistered clients and additional advice line users.

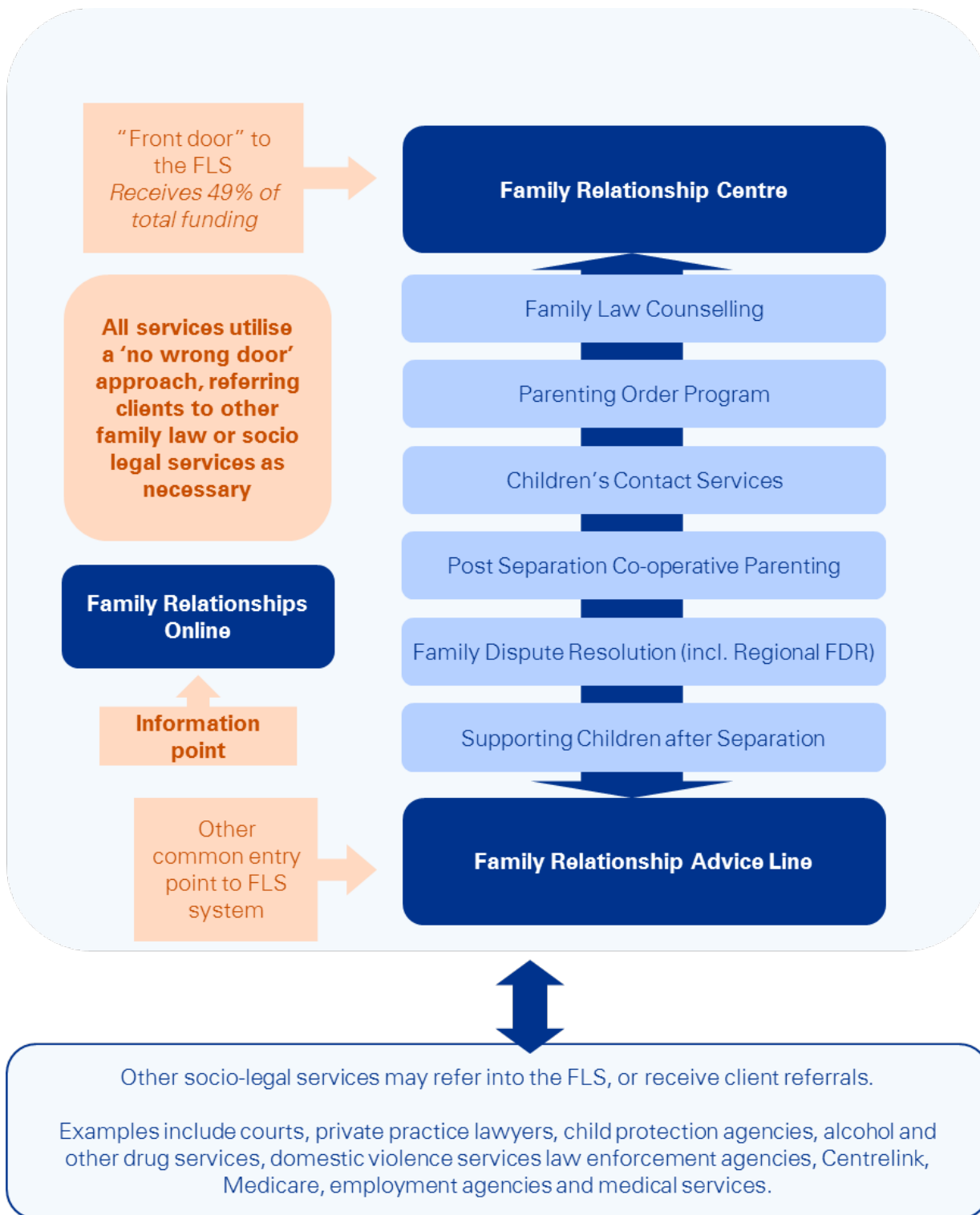
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<sup>22</sup> Attorney-General's Department, *Operational Framework for Family Relationship Centres*, Revised May 2014.

<sup>23</sup> Rae Kaspiew, Lawrie Moloney, Jessie Dunstan, John De Maio, *Family law court filings 2004-05 to 2012-13*, Australian Institute of Family Studies (Research Report No. 30), 2015, p. 22.

<sup>24</sup> Rae Kaspiew, Matthew Gray, Ruth Weston, Lawrie Moloney, Kelly Hand, Lixia Qu, *Evaluation of the 2006 family law reforms*, Australian Institute of Family Studies; December 2009, p. 319.

Figure 4: Service types and referral pathways



Source: Data and information provided by AGD and DSS

Clients who come into contact with FLS will typically require more than one session to meet their needs. A group of sessions is referred to as an "activity", as pictured diagrammatically in Figure 4. The number of sessions per activity provides some indication as to the intensity of each of the services, with this number of sessions provided in Table 5.

Table 5 also summarises the eight service types provided under the FLS umbrella, and a high level indication of the number of outlets, clients and average intensity of service provision.

Table 5: Description of the Family Law Services

Family Law Services	Service Description (Objectives and Activities)	No. of outlets (2014-15)	No. of clients 2014 <sup>25</sup>	Average number of sessions per activity
<b>Family Relationship Centres</b>	Key platform of information, advice and referrals about family relationships at all stages. FRCs assist separating parents to focus on their children's needs and to agree on workable parenting relationships outside the court system. A key activity is family dispute resolution, supplemented with referrals to other relevant services.	65	43,848 (registered) 36,300 (unregistered)	3.6
<b>Post Separation Co-operative Parenting / Parenting Order Program</b>	Services to families in regional areas designed to shift the focus from the conflict between parents to the needs of the children in relation to parenting issues. Integral to the programs are short, educational workshops designed to evoke strong emotional reactions in parents and to shift to a greater awareness of children's needs. Designed to assist families separate who are in high conflict situations to consider the best needs of children involved. Services use a variety of child-focused and child-inclusive interventions and mediation processes that work with all members of the family.	48	POP – 4,473 (registered) 8,400 (unregistered) PSCP – 4,529 (registered) 1,700 (unregistered)	POP – 3.8, PSCP – 2.4
<b>Family Law Counselling</b>	Provides support for couples and families to manage relationship issues. Support may include the provision of information, counselling and / or mediation.	40	6,143 (registered) 2,400 (unregistered)	N/A
<b>Family Relationships Advice Line</b>	Family Dispute Resolution and mediation carried out via telephone, usually for rural and remote clients, or clients unable to attend services at outlets for a variety of reasons.	1	2,376 (registered) 820 (unregistered)	1.6
<b>Children's Contact Services</b>	Provides a service and space to enable parents to develop safe relationships with children. This includes providing a safe, neutral venue for the transfer of children and providing supervised contact where there is actual or perceived risk to the child.	65	13,047 (registered) 36,000 (unregistered)	17.4
<b>Supporting Children after Separation</b>	Aims to support the wellbeing of children under the age of 18 from separated or separating families, who are experiencing issues with difficult family relationships. The program assists children to address relationship issues that arise from separation, and provides opportunities for them to participate in decisions about these issues.	18	5,266 (registered) 6,300 (unregistered)	5.2
<b>Family Dispute Resolution (including Regional FDR)</b>	Provides FDR outside the FRC platform, on issues such as parenting, finance and property. Regional FDR (RFDR) is provided to meet the particular needs of the rural community.	60	FDR – 10,531 (registered) 6,386 (unregistered) RFDR – 4,632 (registered) 3,268 (unregistered)	FDR – 2.6, RFDR – 3.1

<sup>25</sup> Unregistered clients are an approximation. There are concerns that unregistered clients may be counted more than once in the DSS database.

Family Law Services	Service Description (Objectives and Activities)	No. of outlets (2014-15)	No. of clients 2014 <sup>25</sup>	Average number of sessions per activity
<b>Family Relationships Online</b>	Provides information about family relationships and separation via the website <a href="http://www.familyrelationships.gov.au">www.familyrelationships.gov.au</a> . The website assists families to find out about the range of services available to help manage relationship issues.	N/A	Not supplied	N/A

Source: Data supplied to KPMG by DSS, Allen Consulting Group – Research on Family Support Program family law services

## 2.2.2 Providers of FLS

Across Australia, FLS are administered by 66 providers for the five year funding period from 2014-15 to 2018-19. Table 6 below outlines the distribution of providers and outlets nationwide.

Table 6: Providers and outlets by state

State	Number of Providers	Number of Outlets
<b>NSW</b>	16	62
<b>VIC</b>	18	48
<b>QLD</b>	12	53
<b>WA</b>	4	21
<b>SA</b>	7	21
<b>TAS</b>	3	9
<b>ACT</b>	3	10
<b>NT</b>	3	8

Source: Data provided by DSS, cut by 'Activity state' and 'Activity Provider Name'.

Not all service providers are funded to deliver the full suite of FLS services. The table below provides an overview of the number of providers across Australia which are funded to deliver FLS services.

Table 7: FLS providers by service type

Service type	Number of providers
<b>Family Law Counselling</b>	38
<b>Children's Contact Services</b>	37
<b>Family Dispute Resolution</b>	34
<b>Family Relationship Centres</b>	34
<b>Parenting Orders Program / Post Separation Cooperative Parenting</b>	30
<b>Regional Family Dispute Resolution</b>	25
<b>Supporting Children after Separation</b>	12
<b>Family Relationship Advice Line</b>	1
<b>Total providers delivering services</b>	66*

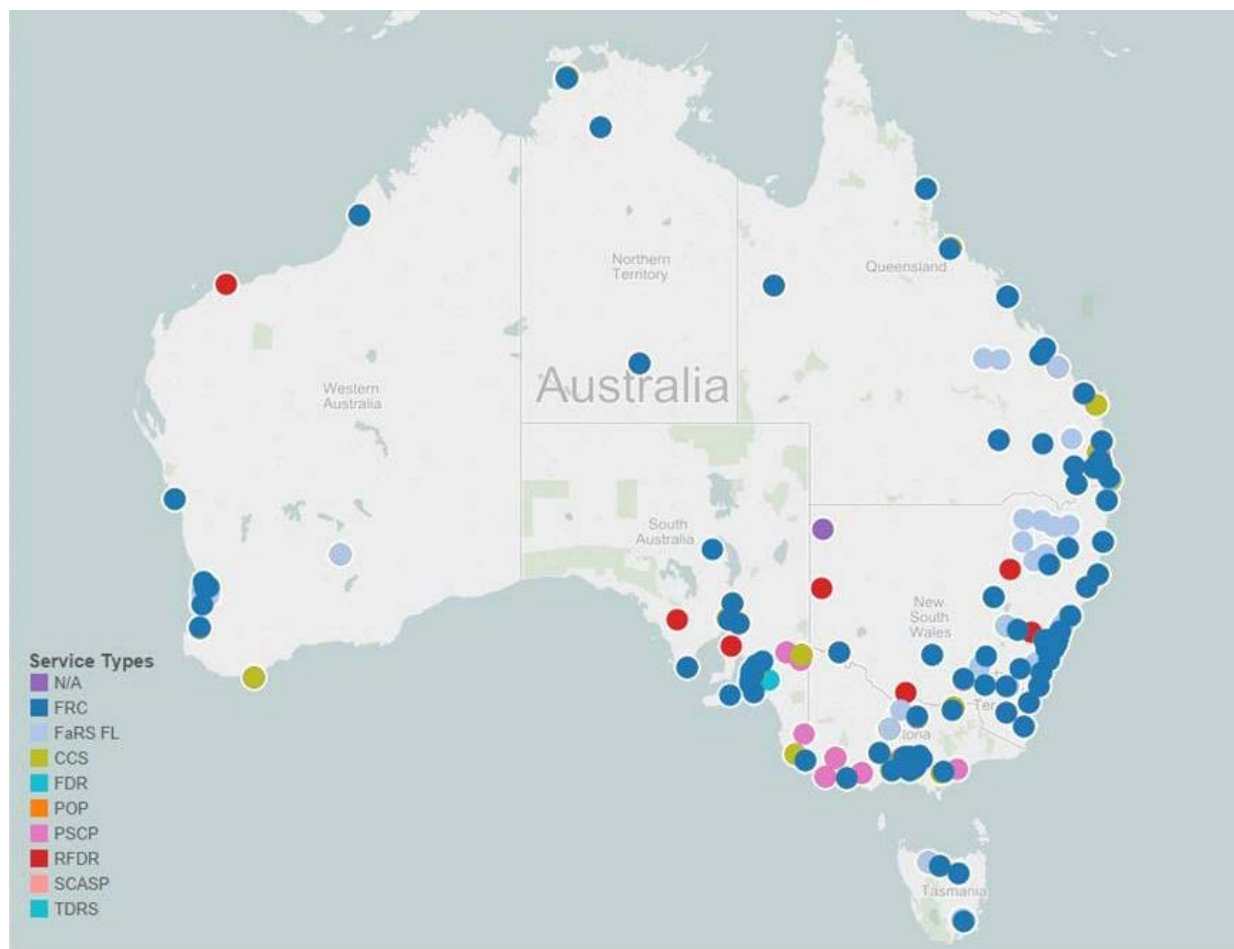
Source: KPMG and June 2014 DSS Provider Payment System data

\* Note: The total number of service providers (n=66) does not equate to the sum of providers funded for each service type in the above table, as one provider organisation may deliver/receive funding for multiple service types.



Providers also vary in size, with some smaller providers funded for the delivery of one service type in one location, where larger providers may be funded in various locations across Australia to deliver a varied suite of resources. Many providers of FLS are contracted to deliver other state and federally funded socio-legal services. These services may complement the provision of FLS, with some overlap for certain services. Figure 5 below provides a high level overview of the location of service outlets across Australia.

Figure 5: Family Law Service Outlet Locations by Service Type



Source: KPMG and June 2014 DSS Provider Payment System data

# 3 Key policy and service delivery observations and issues identified

This section provides a high-level description of current arrangements, and identifies observations and issues across a number of key policy and service delivery components.

## 3.1 Policy observations and issues identified

### 3.1.1 Administrative arrangements

#### Role of Attorney-General's Department and Department of Social Services

FLS are funded by AGD and administered by DSS. This arrangement is set out in a Memorandum of Understanding (MOU) between the two agencies.<sup>26</sup>

The MOU acknowledges the ongoing collaborative relationship between the two agencies, and sets out responsibilities for each agency. AGD has policy responsibility for FLS as a sub-activity of the Families and Children Activity (which is predominantly a DSS program), and DSS is responsible for the administration of these activities, including the Family Relationship Advice Line and the Family Relationships Online webpage. The current MOU is valid until 30 June 2019, when current funding grants will be revisited.

Providers of FLS provide reports to the DSS Grant Manager relevant to their jurisdiction as set out in their funding agreement. DSS Grant Managers then provide this information to AGD in accordance with the MOU. As a result, there may be limited visibility of the day-to-day operation of FLS for AGD.

#### Data and reporting requirements

Contractually, providers of FLS are required to provide client level data and service delivery information from all service recipients in accordance with the DSS Data Exchange Protocols document. Five activity performance indicators are specified:

- number of participants, counted as the number of unique client records
- number of events/services instances deliver, counted as the number of service instances
- proportion of participants from priority target groups, measured as the percentage of the total unique clients who identify as being ATSI, CALD, disabled or others specified
- proportion of clients achieving improved independence, participation and wellbeing immediately after assistance, and
- proportion of clients achieving individual goals related to independence, participation and well-being.

Providers are required to supply quarterly data to DSS in accordance with the Data Exchange Protocols, as well as an annual financial acquittal report for each financial year. During the intake process, new clients must specify whether they consent to have their de-identified data provided to DSS as part of the reporting process. Clients who do not provide consent may have their data and information stored by the individual

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<sup>26</sup> MOU between the AGD and the DSS for the provision of services in related to the Family Law Sub-Activity of the Families and Children Activity – 1 July 2014 – 30 June 2019.

service provider for the purposes of reporting under the Data Exchange framework, however, these clients become known as 'unregistered'.

The proportion of unregistered clients across Australia varies significantly, from roughly 20 per cent in some jurisdictions, to less than one per cent in others. Some providers in Western Australia reported that they would not provide services to clients unless they consented to their de-identified data being passed on to DSS. During workshops, providers discussed anecdotal evidence that some cohorts (for example, Aboriginal and Torres Strait Islander clients) were less likely to consent to their data being registered with DSS than others.

Based on information from example service agreements (that KPMG understands are largely consistent across providers), there does not seem to be any explicit link between compliance with program reporting and the level of funding that is allocated to providers. There also does not appear to be contractual specifications of outputs (the number of clients served by a service provider or at a given location), nor is there specifications of outcomes.

### Key observations

- There are complexities and challenges with current administrative arrangements, with FLS being funded by AGD and administered by DSS. This may result in limited visibility from AGD of on-the-ground service provision.
- Reporting requirements focus on quantitative measures of service use, and may not capture the full benefit of FLS to the community because it does not capture outcomes achieved.
- In jurisdictions with a higher proportion of unregistered clients, an accurate understanding of the number and profile of clients using FLS may be difficult to determine, providing AGD with lower visibility of clients who use the services, and lower visibility of clients who may have a need for the service, but do not use the service.
- Potential under-representation of at-risk cohorts in the registered client database may limit the ability of AGD to target services to meet specific groups.
- There does not seem to be any explicit link between compliance with program reporting and the level of funding allocated to providers. Further, there are no contract specifications stipulating outputs (the number of clients served by a service provider or at a given location), or outcomes.

## 3.1.2 Current funding arrangements<sup>27</sup>

AGD uses a grant process to block-fund non-government service providers to deliver FLS to the community. Funding agreements set out the specific types of services to be provided (e.g. Family Dispute Resolution) and the location of these services.

### Analysis of FLS funding allocation by service type

Within FLS, different amounts of funding are allocated to each service type. Analysis undertaken in this section is carried out for the 2014-15 financial year which aligns with the current five year funding agreements introduced in 2014. The services are currently subject to a three year indexation pause. It is uncertain whether indexation will be applied for the last two years of the five year funding period (2017-18 and 2018-19). To be conservative, modelling undertaken in this report is based on the 2014-15 base year funding and so assumes indexation will be paused over the five year funding period from 2014-15 to 2018-19: that is, funding will be fixed over this period. These figures do not include SACS funding.<sup>28</sup>

<sup>27</sup> Note: The funding envelope analysis is undertaken using the AGD Organisation Funding output provided to KPMG in July 2015 and June 2015 output data derived from the provider payment system currently used by the DSS to pay NGOs. Calculations use total committed funding amounts from the AGD Organisation Funding output. This was used in place of the DSS June 2015 output data given the services have since been subject to a 3 year indexation pause.

<sup>28</sup> Social and Community Service (SACS) funding is provided to organisations to supplement the cost of staff wages and staff on-costs (superannuation and leave entitlements) for SACS workers, arising from the Equal Remuneration Order (ERO). DSS (2015) Communities and Vulnerable People <<https://www.dss.gov.au/our-responsibilities/communities-and-vulnerable-people/fair-pay-for-social-and-community-services-workers/how-has-supplementation-been-calculated>>.

Table 8 below provides an overview of FLS funding committed to each service type for 2014-15 financial year, and total funding for the five year funding period assuming indexation remains paused over the full period.

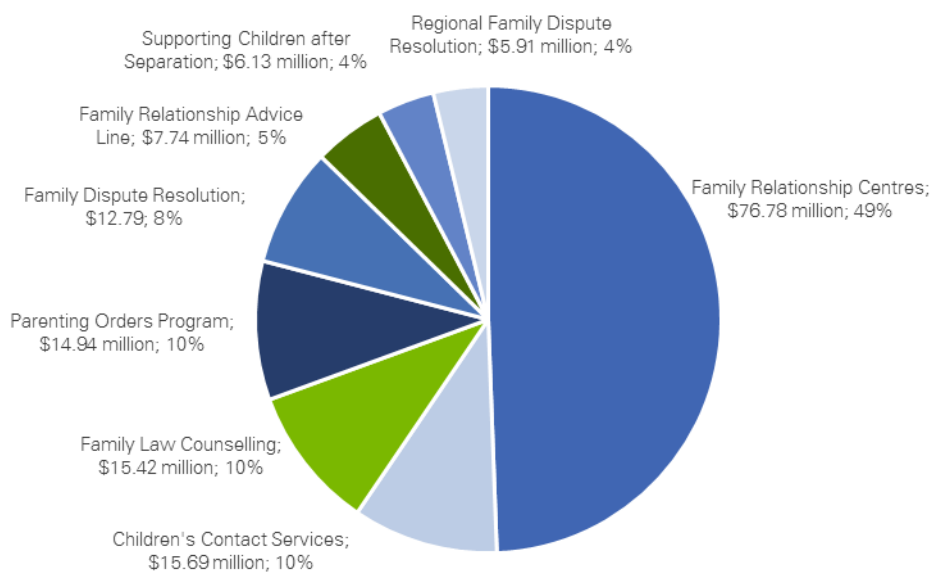
Table 8: FLS funding for the 2014-15 year funding by service type

Service type (\$ million)	Funding per financial year (\$ million)	Funding total for five year period
Family Relationship Centres	\$76.78	\$383.90
Children's Contact Services	\$15.69	\$78.45
Family Law Counselling	\$15.42	\$77.10
Parenting Orders Program / Post Separation Cooperative Parenting	\$14.94	\$74.70
Family Dispute Resolution	\$12.79	\$63.95
Family Relationship Advice Line	\$7.74	\$38.70
Supporting Children after Separation	\$6.13	\$30.65
Regional Family Dispute Resolution	\$5.91	\$29.55
<b>Total per financial year</b>	<b>\$155.40m</b>	<b>\$777.00m</b>

Source: KPMG, AGD organisation funding output (July 2015) and DSS Provider Payment System data (June 2015)

The total annual allocation of funding by service type is also presented visually in Figure 6 below.

Figure 6: Total annual FLS funding for the 2014-15 financial year, by service type



Source: KPMG, AGD organisation funding output (July 2015) and DSS Provider Payment System data (June 2015)

The FRCs receive the largest share of funding, receiving almost half of the total funding allocated to all eight Family Law Services. After FRCs, there is a substantial drop in funding, with CCS, Family Law Counselling and the Parenting Orders Programs each receiving approximately 10 per cent of the total funding, and Family Dispute Resolution receiving eight per cent of funding. The Family Relationship Advice Line, Supporting Children after Separation, and Regional Family Dispute Resolution services all receive less than five per cent of funding each.

## Analysis of FLS funding allocation by jurisdiction

Analysis of FLS funding allocation by jurisdiction provides an understanding of how funding is allocated according to the area in which services are delivered. Table 9 below provides an overview of the number of providers and amount of funding allocated to each jurisdiction, as a dollar figure and proportion of the total

FLS funding pool. This is presented alongside the population for each jurisdiction, and their share of the national population.

Table 9: FLS funding by jurisdiction, as a proportion of total funding

Jurisdiction	Number of providers	Total funding (\$ million)	Proportion of Total Funding	Population 2014	Proportion of population
NSW	16	\$42.76	29.0%	7,518,472	32.0%
VIC	18	\$34.20	23.2%	5,841,667	24.9%
QLD	12	\$29.38	19.9%	4,722,447	20.1%
WA	4	\$16.17	11.0%	2,573,389	11.0%
SA	7	\$12.35	8.4%	1,685,714	7.2%
TAS	3	\$4.62	3.1%	514,762	2.2%
ACT	3	\$4.60	3.1%	385,996	1.6%
NT	3	\$3.58	2.4%	245,079	1.0%
<b>Sub-total</b>	<b>66</b>	<b>\$147.66</b>	<b>100.0%</b>	<b>23,487,526</b>	<b>100.0%</b>
<b>National*</b>	<b>1</b>	<b>\$7.74</b>		<b>23,487,526</b>	<b>100.0%</b>
<b>Total</b>		<b>\$155.40</b>			

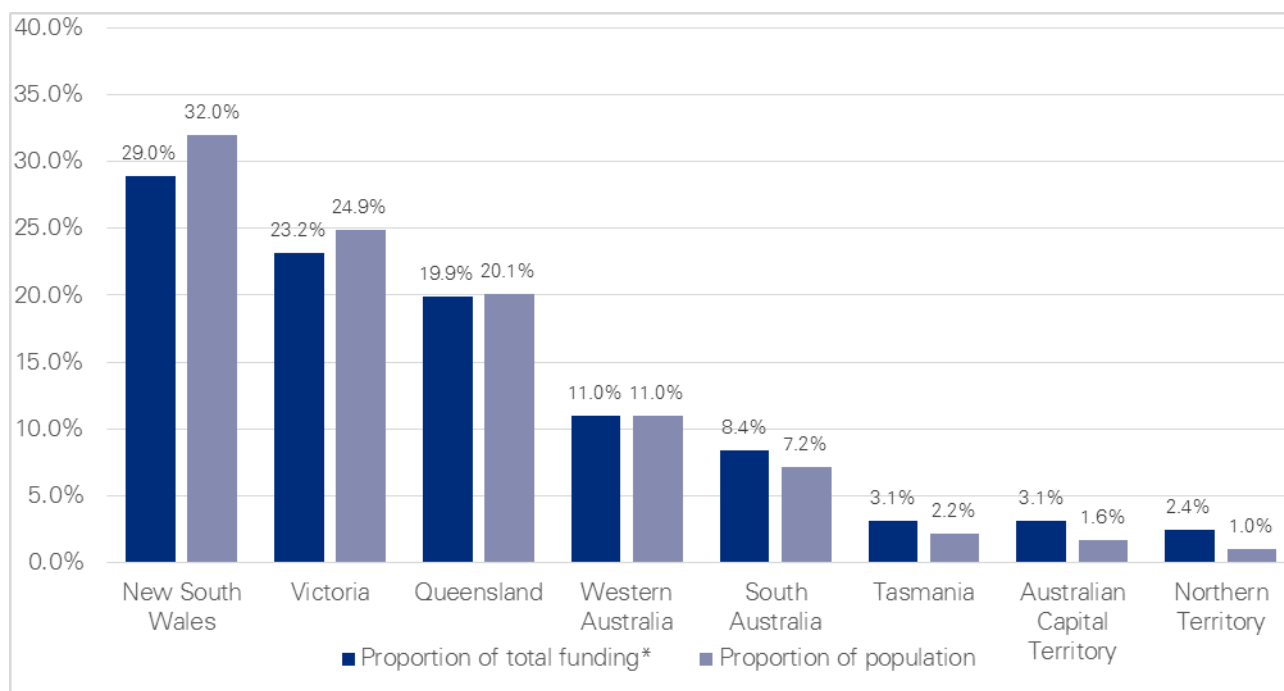
\* While funding for the Family Relationship Advice Line is allocated to a service in Queensland, this service is delivered nationally and so has been listed separately. The Queensland provider also receives funding for the delivery of other services and so has been listed twice in the 'number of providers' column.

Source: KPMG, AGD organisation funding output (July 2015) and DSS Provider Payment System data (June 2015)

New South Wales (29 per cent), Victoria (23.2 per cent) and Queensland (19.9 per cent) are the three largest jurisdictions receiving Family Law Services funding, for all service types reported collectively. These three jurisdictions also have the most providers. Conversely, less than 10 per cent of total funding is allocated to ACT (3.1 per cent), Tasmania (3.1 per cent) and Northern Territory (2.4 per cent); with funding allocated to three providers in each of these jurisdictions.

There is also a positive relationship between the number of providers, total funding, and population figures for each jurisdiction. The figure below presents the proportion of funding relative to the proportion of population in each jurisdiction.

Figure 7: Comparison of proportion (%) of funding and population by jurisdiction



\*Total funding excludes funding for the Family Relationship Advice Line that is delivered nationally.

Source: KPMG, AGD organisation funding output (July 2015) and DSS Provider Payment System data (June 2015)

As can be seen in Figure 7 most jurisdictions receive funding levels broadly consistent with (slightly above) their population share.

The biggest discrepancy can be seen in the larger jurisdictions of New South Wales and Victoria, where the proportion of total funding is less than the population share. Based on population size alone, these jurisdictions are arguably underfunded, although there may be other reasons apart from population size on which to base allocation decisions. Queensland and Western Australia each receive relatively equal amount of funding to population size.

For the smaller jurisdictions, such as South Australia, Tasmania, ACT and the Northern Territory, the proportion of total funding is slightly greater than the population share would suggest. These jurisdictions with smaller populations may arguably have less economies of scale. This may justify a slightly larger share of the total budget available to FLS.<sup>29</sup>

### Key observations

- Collectively, FLS receive a total of just over \$155.4m per financial year, and a total of \$777.00 million for the five year funding period.
- Allocation of funding varies according to service type. Family Relationship Centres receive almost 50 per cent of the total funding allocated to all eight service types, nationally. All remaining service types receive 10 per cent of funding or less.
- Given FLS funding indexation has been subject to a three year pause, the funding for each FLS service has been modelled using the 2014-15 base year funding amounts and so assumes funding will be fixed over the five year funding period from 2014-15 to 2018-19.
- There are 66 FLS providers in total, and the number of providers varies by jurisdiction. New South Wales has the greatest number of providers (n=16) and Tasmania, Northern Territory and ACT each have the lowest (n=3 each).

<sup>29</sup> Each provider is listed according to the jurisdiction detailed in the 'activity provider state' from the DSS Provider Payment System data. Funding for the Family Relationship Advice Line is allocated to a provider in Queensland that delivers multiple FLS programs. Given the Family Relationship Advice Line program is delivered nationally, funding has been listed separately.

- New South Wales and Victoria each receive less funding relative to their population. Queensland and Western Australia receive relatively equal funding to population, and all remaining jurisdictions receive greater funding relative to population.

## Analysis of the market

As highlighted earlier in Table 7, there are 66 providers across Australia which deliver FLS for the Commonwealth Government.<sup>30</sup> There is variation in the number of providers in each jurisdiction. Victoria is the jurisdiction with the most providers (n=18); and Tasmania, ACT and Northern Territory equally have the least number of providers (n=3).

Table 10 below presents a de-identified list of the top 10 providers receiving funding nationally. It details the jurisdiction to which the provider belongs and delivers services within the proportion of total funding for that jurisdiction as well as the proportion of total FLS funding for the five-year funding period (\$155,403,000).

Table 10: Top 10 providers receiving FLS funding

Provider	Total funding to provider (\$ million)	Provider jurisdiction	Proportion of total funding for jurisdiction	Proportion of total national FLS funding (\$155.4m)
Relationships Australia (QLD)	\$19.59	National*	13%*	13%
Interrelate Limited	\$12.14	NSW	28%	8%
Relationships Australia (NSW)	\$11.49	NSW	27%	7%
Relationships Australia (Vic) Inc.	\$9.18	VIC	27%	6%
UnitingCare Children Young People and Families	\$8.64	NSW	20%	6%
CatholicCare Victoria Tasmania Limited	\$6.90	QLD	20%	4%
UnitingCare Community	\$6.86	VIC	23%	4%
Anglicare (West Australia) Inc.	\$6.20	WA	38%	4%
Relationships Australia (South Australia)	\$6.08	SA	49%	4%
Relationships Australia (Western Australia) Inc.	\$5.61	WA	35%	4%
<b>Total</b>	<b>\$92.70</b>	<b>Multiple</b>	<b>N/A</b>	<b>60%</b>

\* Approximately 40% (\$7.74million) of the funding allocated to Provider 1 is for the Family Relationship Advice Line. While funding is allocated to a provider in Queensland, this service is delivered nationally and so has been listed as 'national' so not to skew the jurisdiction comparison analysis.

Source: KPMG, AGD organisation funding output (July 2015) and DSS Provider Payment System data (June 2015)

<sup>30</sup> Provider count uses Activity Provider Name which delineates the provider organisation name for that jurisdiction. For example, Anglicare SA Ltd and Anglicare Tasmania Inc are used which each align to South Australia and Tasmania, respectively, rather than Anglicare being used for both. This allows analysis of funding based on services delivered at a jurisdiction level.

As evident in the table above, 60 per cent of total funding is allocated to 10 of the 66 providers. The majority of the larger providers are in New South Wales, Victoria and Western Australia.

Table 11 below provides an overview of funding allocation to providers by jurisdiction, presented against the total funding allocated to each jurisdiction for the 2014-2015 financial year.

Table 11: Funding for top three providers in each jurisdiction

Jurisdiction	Providers (#)	Total funding \$mill	One		Two		Three	
			\$mill	%	\$mill	%	\$mill	%
NSW	16	\$42.76	\$12.14	28%	\$11.49	27%	\$8.64	20%
VIC	18	\$34.20	\$9.18	27%	\$6.90	20%	\$5.23	15%
QLD	12	\$29.38	\$11.85	40%	\$6.86	23%	\$3.67	13%
WA	4	\$16.17	\$6.20	38%	\$5.61	35%	\$2.69	17%
SA	7	\$12.35	\$6.08	49%	\$1.58	13%	\$1.42	12%
TAS	3	\$4.62	\$4.06	88%	\$0.52	11%	\$0.04	1%
ACT	3	\$4.60	\$3.59	78%	\$0.85	18%	\$0.17	4%
NT	3	\$3.58	\$2.33	65%	\$0.64	18%	\$0.61	17%

\* While approximately \$7.74million of funding for the Family Relationship Advice Line is allocated to a provider in Queensland, this service is delivered nationally and has not been included in the above to avoid skewing the jurisdiction comparison analysis.

Source: KPMG, AGD organisation funding output (July 2015) and DSS Provider Payment System data (June 2015)

There is a concentration of funding to providers in the larger jurisdictions. For the three largest states, there are three providers in each state jurisdiction which receive the majority of funding. For example, three of the 16 providers in NSW receive 75 per cent of funding for that jurisdiction. In the remaining states and territories - Western Australia, South Australia, Tasmania, ACT and Northern Territory - the total funding allocation for the jurisdiction is smaller (10 per cent or less of total funding for the financial year) and there are fewer providers delivering FLS services (seven providers or less). In these jurisdictions, service provision seems to be heavily dominated by one provider which receives most of the FLS funding in that jurisdiction (ranging from 49 per cent in South Australia, to 88 per cent in Tasmania). Other players receive substantially smaller proportions of funding.

There are risks and benefits of this market concentration. Benefits include that these providers potentially have economies of scale, and less administrative burden for the Department in managing these providers. There are also risks associated with having a few service providers responsible for the delivery of the majority of FLS services, including a lack of competition and innovation. There is also a risk that Government will not be able to continue delivering services should one or more of these large providers fail.

### Key observations

- There are a small number of providers dominating the FLS market. Nationally, 10 providers receive 60 per cent of the total FLS funding for the five-year funding period.
- There is a concentration of funding to providers in the larger jurisdictions. In larger jurisdictions (i.e. NSW, Victoria and Queensland), the majority of FLS funding for that jurisdiction (62 per cent or more) is granted to three key providers. In smaller jurisdictions, funding is granted predominantly to one key provider (i.e. SA, Tasmania, ACT, NT).
- The benefits of this market concentration include economies of scale for providers, and less administrative burden for Government managing providers.
- The risks of having fewer service providers in the market include less competition and innovation, and a risk that Government will not be able to continue delivering services should one or more of these large providers fail.



### 3.1.3 Pressure on the funding envelope

The following section outlines projected pressure on the funding envelope. This analysis has been undertaken by projecting demographics and current funding levels. Projected FLS funding has been developed according to the following set of assumptions:

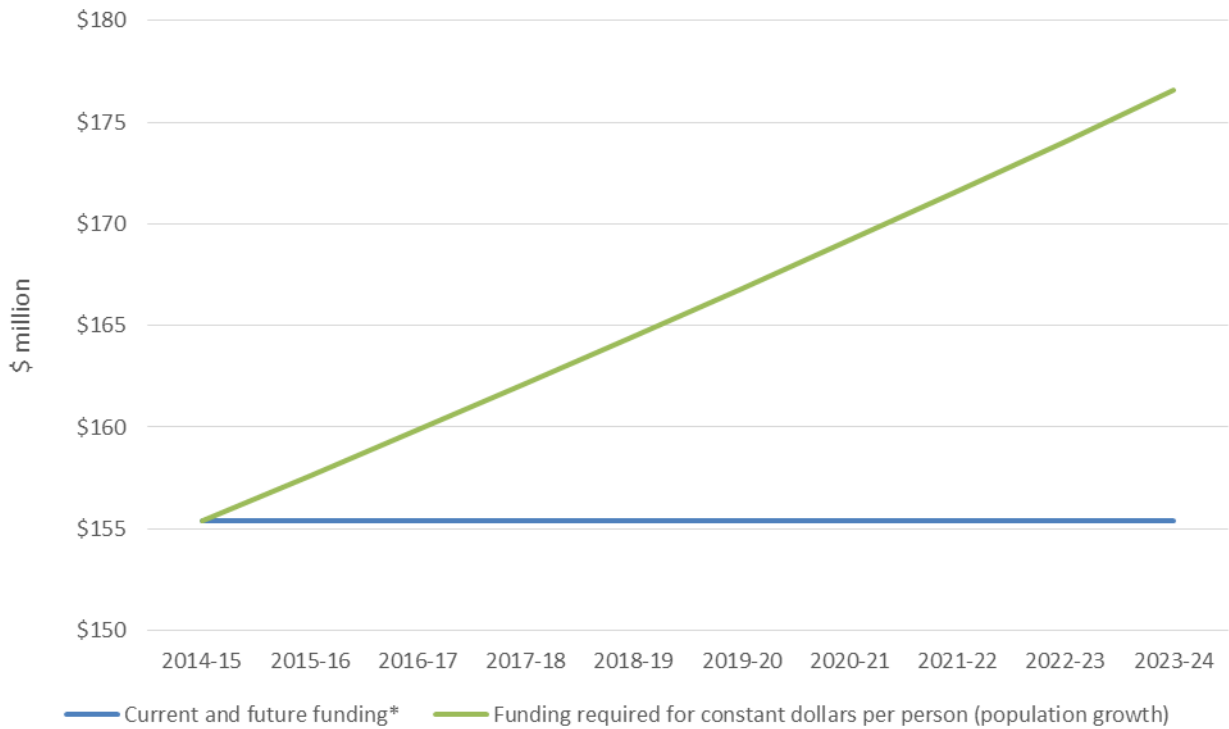
- Projections are carried out using 2014-15 funding figures for all FLS services (\$155.40 million) as the baseline.
- Current funding amounts use total committed funding values for the 2014-15 to 2018-19 financial years (\$155.40 million per year).
- For the five year period following 2019-2020 to 2023-2024, projections use the current funding arrangements which excludes indexation and SACS funding (\$155.40 million per year).
- Projections are carried out over a 10 year period, which aligns to the future timelines used in other sections of this report.
- The expected pressure on the funding envelope is expected to come exclusively from a change in population, assuming that in order to maintain access to justice, there is a need to keep a constant level of FLS funding per head of population.
- Population projections have been developed by KPMG Demographics using population projections published by the relevant state authorities (namely population growth rates) and these projections are rebased using the latest "estimated resident population" figures published by the Australian Bureau of Statistics.<sup>31</sup>
- Population projections are based on the 25-49 year cohort population figures (being 8.2 million in 2019; and 9.4 million in 2024, nationally). An average yearly rate was derived from these values. The 25-49 year cohort was used as it aligns with findings of this cohort most commonly utilising Family Law Services.
- Projections assume all other factors remain static, and therefore do not factor in other changes that may alter service demand or client needs that may occur in future.
- Projections were made on a national, rather than jurisdictional, level.

Projections of the future funding requirements for FLS services in Australia were made using the assumptions above. Findings of the analysis are illustrated in Figure 8 below.

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<sup>31</sup> Medium series from ABS (2013) ERP by LGA (ASGS 2013), 2001 to 2013 MetaData. Accessed <[http://stat.abs.gov.au/Index.aspx?DataSetCode=ABS\\_ERP\\_LGA#](http://stat.abs.gov.au/Index.aspx?DataSetCode=ABS_ERP_LGA#)>

Figure 8: Current and projected funding



\*'Current and future funding' uses the committed funding for the 2014–2019 period which remains the same each financial year, and assumes the current arrangements going forward.

Source: KPMG, AGD organisation funding output (July 2015) and DSS Provider Payment System data (June 2015)

Assuming no changes to improve efficiency in service delivery and no change in the profile of demand (other than from population growth), an indication of future funding shortfall can be made by calculating the difference between the current and projected funding amount (represented as the green line in Figure 8) from the funding required for constant dollars per person (represented as the blue line in Figure 8.). This accumulated shortfall is summarised in the table below.

Table 12: Projected national FLS funding shortfall

Financial year	Accumulative shortfall (\$ million)
	\$ -
	\$2.2
	\$4.5
	\$6.8
	\$9.1
	\$11.4
	\$13.8
	\$16.2
	\$18.7
	\$21.2

Source: KPMG Demographics data and June 2014 DSS Provider Payment System data

Based on the assumptions outlined above, the following are the key findings from the data presented in the tables and figures above.

- Analysis of the current and projected funding allocation reveals trends in funding allocation over time.
- The funding shortfall would continually increase over the 10 year period.

- If the funding envelope was to remain the same, the project shortfall by 2024 would be \$21.2million.
- This analysis suggests that, if FLS funding arrangements were to continue as they currently stand (slight increase in funding allocation), the funding would not meet the demand posed by the increasing population. This is without considering the impact of other social and economic trends that may mean increasing proportions of the population could benefit from access to FLS.
- If further information was available on the number of clients receiving services by each provider, the complexity of clients, waitlists and the demand not being met by current services, projections could be made on the basis of more detailed analysis. For example, by looking at the cost per client and how this varies by service type, the cost per complex client, and the implications of waitlists, scenarios could be developed to alter these parameters individually or in combination to examine implications on the future funding envelope.

Overall, organisations across the country are funded to deliver FLS. As would be expected, the majority of the funding and most of the providers are located in the more densely populated states (NSW, Victoria and Queensland). The provider market for FLS is relatively small; in most states, service provision is dominated by between one to three key providers.

Within FLS, there are eight different service types. Funding allocations to each of these service types vary significantly, with the majority of the funding (approximately 50 per cent) allocated to Family Relationship Centres.

#### Key observations

- The current funding envelope does not adequately meet the projected population increase for individuals aged 25-49, the cohort who have been found to most commonly use Family Law Services.
- This is true for the current committed funding period (2014-15 to 2018-19) and the projected five year period following (2019-20 to 2023-24).
- The shortfall continually widens over time, and is anticipated to accumulate to \$21.2 million by the end of the 10 year period from the 2014-15 baseline.

### 3.1.4 Access to justice

Australia's civil justice system has previously been described as 'too slow, too expensive and too adversarial.'<sup>32</sup> It is a key focal point for AGD that all Australians should have 'access to justice' as part of a principle of universality in the broader justice sector.<sup>33</sup>

It is reasonable to conclude that large scale changes in demand (based on demographic, social or cultural shift), resulting in a greater proportion of the Australian population attempting to access universal FLS, would require an increase in funding. There may also be a need for geographical redistribution of FLS to meet the needs of rural and remote areas. This may present challenges in maintaining universal service provision at current quality standards within FLS.

Under the principle of universality, there may be challenges in meeting the needs of vulnerable cohorts, for example, ATSI or CALD clients, or clients who may have been victims of domestic abuse. These clients often require specialised care, which may include the engagement of specialist support at an extra cost, for example, translators, domestic violence specialists or modified mediation programs.<sup>34</sup> Specialist support aims to meet specific needs and / or take into account cultural sensitivities and requirements.

Services may have a reduced capacity to provide specialised care to at-risk cohorts if they are required to provide universal service with a fixed funding envelope. There is a tension in providing both specialised and

<sup>32</sup> Australian Government Productivity Commission, Access to Justice Arrangements; Productivity Commission Inquiry Report, Volume 1 (September 2014), p. 2.

<sup>33</sup> Attorney General for Australia, Senator the Hon George Brandis QC, *Speech to the National Family Law Conference 8 October 2014*, Available at: <<https://www.attorneygeneral.gov.au/Speeches/Pages/2014/FourthQuarter2014/8October2014-SpeechToTheNationalFamilyLawConference.aspx>>.

<sup>34</sup> Family Law Council, *Improving the Family Law System for Aboriginal and Torres Strait Islander Clients*, (February 2012); Family Law Council, *Improving the Family Law System for Clients from Culturally and Linguistically Diverse Backgrounds* (February 2012); and supplementary data and information collected from consultations with service providers.

universal services within the socio-legal services, as the service provision model varies widely between the two.

### Key observations

- If demographic, social or cultural shifts brought about changes in demand, and required FLS to service a larger proportion of the population, it is likely that a funding increase would be necessary to maintain the current quality of service provision.
- The tension between the provision of specialised care to at-risk cohorts and the provision of universal service may lead to FLS being unable to meet the needs of the broader Australian population or unable to meet the needs of at-risk and vulnerable cohorts.
- The costs associated with specialised care for at-risk cohorts may reduce the ability of providers to meet their needs, or reduce the number of specialised cases they have the capacity to take on.

## 3.1.5 Parallel reforms

### Competitive tendering versus collaboration

Recently, state, territory and Commonwealth Governments' financial positions have come under increasing pressure, with revenue streams shrinking at the same time as growing demand for high quality, person centred modern services.<sup>35 36</sup> In this context, there has been renewed interest in how to ensure services funded by government are delivered as effectively, efficiently and sustainably as possible in order to achieve the desired results.<sup>37 38</sup> Governments have been particularly interested in how purchasing arrangements and accountability settings can be used to obtain more efficient and effective services.

This focus on efficiency has led to greater consideration about how governments engage with service providers or the 'market' to purchase services. Contestability is a process by which government tests its services to ensure it is providing the public with the best possible outcomes at the most efficient price and quality. It can introduce the credible threat of competition to better influence cost, quality and productivity. Depending on the circumstances, government (and the public) may get better value for money if service providers have to compete for government contracts.

This may not always be true in the context of social services, particularly for vulnerable groups. In this context, the purely market-based model can have the effect of fragmenting services to an extent that leads to reduced accountability, lack of coordination and limited effectiveness and efficiency.<sup>39</sup>

The relationship between governments and the not-for-profit sector is evolving. There is increasing interest in how governments can encourage collaboration and competition when engaging with the market to purchase social services., This evolving relationship sees partnership and collaboration being used by governments both nationally and internationally to describe a new, preferred way of working.<sup>40, 41, 42</sup>

Providing services in an integrated and collaborative manner is increasingly understood to be more successful in engaging vulnerable populations, and providing the multi-layered support that disadvantaged

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<sup>35</sup> SA Hajkowicz, H. Cook, A. Littleboy. *Our Future World: Global megatrends that will change the way we live. The 2012 Revision*. CSIRO, Australia. Accessed 26 Oct 2015; Available at: <<https://publications.csiro.au/rpr/download?pid=csiro:EP126135&dsid=DS2>>, 2012.

<sup>36</sup> Goetz Ottmann, and Carmel Laragy, *People at centre stage: summary report for stakeholders, Uniting Care Community Options*, Deakin University, Melbourne, Vic, 2012.

<sup>37</sup> National Commission of Audit, *Towards Responsible Government*, Available at: <<http://www.ncoa.gov.au/report/phase-one/index.html>>, 2015.

<sup>38</sup> Australian Government Social Investment: *IMPACT forum*, Available at <<http://employment.gov.au/videos/social-investment-impact-australia-forum-jed-emerson-april-2013>>. 2013.

<sup>39</sup> Shergold, *Service Sector Reform*, Available at: <<http://vcoss.org.au/documents/2013/07/FINAL-Report-Service-Sector-Reform.pdf>>, 2013.

<sup>40</sup> *Ibid.*

<sup>41</sup> D. Yencken and L. Porter, *A just and sustainable Australia*, The Australian Collaboration, ACOSS, Melbourne, September 2001.

<sup>42</sup> J. Goddard, *Third Sector in Partnership Arrangements: Navigating New Waters or Treading Water?* Social Policy Research Group, University of South Australia, 2005.

individuals and families need.<sup>43, 44</sup> Research suggests that integration can contribute to achieving positive outcomes by simplifying access to services, offering holistic and customised support, improving response times, improving client satisfaction/experience and enabling early identification of problems.<sup>45</sup>

In Victoria, the Service Sector Reform report completed by Professor Peter Shergold, in collaboration with the Victorian Council of Social Services, found that a more integrated and coordinated service approach lies at the heart of raising productivity in the delivery of government services. The report found that this can be achieved by offering the chance to deliver better outcomes at a lower cost.<sup>46</sup>

To enable providers across different programs and services to work together effectively, there is a requirement for shared focus on outcomes. This can be an important means by which to achieve these ends.

## Moving towards outcomes

Outcomes funding has become an increasingly attractive option for governments seeking to contain costs in a tight budgetary environment. Outcomes based funding can include a range of contracting arrangements where providers (and sometimes private investors) are financially rewarded for having a positive, measurable impact on the lives of service users. Outcomes funding arrangements can offer service providers a bonus payment for improving client outcomes (performance-incentive funding) or make a portion of providers' core funding conditional on an achieved set of outcomes (payment-for-performance).

Other options involve the redistribution of contracts among service delivery organisations on the basis of their track record (outcomes based contracting) or payment of dividends to private investors according to the level of measurable outcomes of a particular program (social impact bonds).<sup>47</sup> All these models link the procurement and funding of public services to providers' ability to achieve outcomes for clients. These outcomes are aligned with social policy objectives, and are also typically associated with substantial cost savings to the human services and wider service systems.<sup>48</sup>

Within contexts where service providers are accountable for the outcomes they achieve, funding must allow providers to adjust the design of their programs in a way that best meets the needs of their clients. In Victoria, the Shergold Review recommended that multiple streams of program funding should be progressively consolidated or linked to give service providers greater flexibility to pursue integrated outcomes. Bringing funding together would be seen to help provide holistic services to clients with complex challenges. In this context, an outcomes framework should be developed to establish metrics against which impact performance will be audited, monitored, measured and reported over time.<sup>49</sup>

Outcomes funding is already well-established in some program areas. Recently, outcomes funding has been used in the preservation and restoration programs for children in out of home care, vulnerable families and the criminal justice system.<sup>50 51</sup> Government interest in outcomes funding reflects the potential to focus current human services reforms by driving accountability, enabling efficiency, and achieving greater social impact by encouraging innovative solutions.<sup>52</sup> However, there are challenges in appropriately specifying

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<sup>43</sup> M. McArthur, L. Thomson, G. Winkworth, & K. Butler, *Families experiences of services* (FaHCSIA Occasional Paper No. 30). Canberra: FaHCSIA, 2010.

<sup>44</sup> I. Katz, & K. Valentine, *Lessons for Australia from the UK Sure Start Programme* (SPRC Report 2/09). Report prepared for Department of Families, Housing, Community Services and Indigenous Affairs, Submitted July 2006, Published April 2009.

<sup>45</sup> KPMG, *Something to Teach, Something to Learn: Global perspectives on healthcare*, Available at <<http://www.kpmg.com/Africa/en/IssuesAndInsights/Documents/Something%20to%20teach%20-%20hi-res%20web-ready%20report%20PDF.pdf>>, 2013

<sup>46</sup> Shergold, *Service Sector Reform*, 2013.

<sup>47</sup> J.B. Liebman, *A promising new financing model to accelerate social innovation and improve government performance*. Available at: <[https://cdn.americanprogress.org/wp-content/uploads/issues/2011/02/pdf/social\\_impact\\_bonds.pdf](https://cdn.americanprogress.org/wp-content/uploads/issues/2011/02/pdf/social_impact_bonds.pdf)>, 2011.

<sup>48</sup> The Power To Persuade, *What are the implications of 'outcomes' based funding?*, Available at: <<http://powertopersuade.org.au/2014/06/16/blog-bank-what-are-the-implications-of-outcomes-based-funding/>>, 2014.

<sup>49</sup> Shergold, *Service Sector Reform*, 2013.

<sup>50</sup> Australian Institute of Family Studies, *'Getting the big picture': A synopsis and critique of Australian out-of-home care research*, Available at: <<https://aifs.gov.au/cfca/publications/getting-big-picture-synopsis-and-critique-austra>>, 2015.

<sup>51</sup> Department of Treasury and Finance, *Project Summary, Partnerships Victoria Ravenhall Prison Project*, Available at: <<http://www.dtf.vic.gov.au/Publications/Infrastructure-Delivery-publications/Partnerships-Victoria/Ravenhall-Prison-Project-summary>>, February 2015.

<sup>52</sup> The Power to Persuade, *What are the implications of 'outcomes' based funding?*

outcomes, and developing accurate and transparent measures for determining progress, and these methods are complicated and time intensive to develop and implement.

In addition, there is growing international interest in seeking alternative sources of funding to deliver public services. This includes the development of social impact investing, where investors have sought investments which deliver a social, as well as a financial, return ('blended value'). Impact investing is still in the stage of early market development, although there is an increasing number of transactions, both in Australia and internationally. Social benefit bonds are one form of government led social impact investing. Two of these transactions are underway (both in NSW), while the governments of Queensland and South Australia are currently developing transactions.<sup>53</sup>

## Legal Aid

The legal sector provides important support to FLS. The Federal Government provides funding to the states and territories for the delivery of legal aid services for disadvantaged Australians through the National Partnership Agreement on Legal Assistance Services.<sup>54</sup> These legal aid services provide assistance to socially and economically disadvantaged Australians on a range of areas, including family law. Each state based service promotes access to justice through the provision of free legal advice and subsidised legal aid.<sup>55</sup>

The 2014 Federal Budget announced cuts of \$15 million to legal aid commission and an additional \$6 million in cuts to Community Legal Centres (CLCs).<sup>56</sup> These cuts are likely to impact the number of clients able to access free and subsidised legal services, which may in turn affect the number of client referrals from CLCs to FLS and vice versa. During consultation, some providers outlined difficulty in securing legal advice, support and representation for their clients, which on occasion negatively affected their ability to reach agreement with a spouse or ex-spouse.

### Case Study – Legally Assisted Family Dispute Resolution

Providers of the Family Law Services partner with providers of legal services to allow clients access to legally assisted FDR. This may include the provision of legal and education advice, individualised legal advice, legal support during FDR, assistance with the drafting of parental agreements and consent orders, and legal information / education for FRC staff. In addition, FRC staff have assisted lawyers to achieve a more in-depth understanding of child-sensitive and child-focused interventions.

*Further detail is available in the Service Collaboration Framework*

## Family violence

Family violence has become an increasingly prominent issue in Australia. The ABS estimates that 17 per cent of all adult women in Australia, and 5.3 per cent of adult men, have experienced intimate partner violence, and one-quarter of Australian women (and 14 per cent of men) have experienced emotional abuse.<sup>57</sup>

### Case Study – Coordinated Family Dispute Resolution (CFDR)

Coordinated Family Dispute Resolution (CFDR) was established in 2009 as a pilot program in five states, as a model to resolve parenting disputes where there has been a history of past and / or current family violence. The process involves a case manager / family dispute resolution practitioner (FDRP), a specialist family violence professional (SFVP) for the person assessed to be the predominant victim, a men's support professional (MSP) for the person assessed to be the predominant aggressor, a legal advisor for each party and a second FDRP. As assessed, individual counselling for each parent and for children was also provided. The CFDR model was applied in a setting that involved multiple agencies and disciplines, and aimed to

<sup>53</sup> [nsw.gov.au, NSW delivers Australia's first social impact investment policy](https://www.nsw.gov.au/media-releases-premier/nsw-delivers-australias-first-social-impact-investment-policy), Available at: <<https://www.nsw.gov.au/media-releases-premier/nsw-delivers-australias-first-social-impact-investment-policy>>, 2015.

<sup>54</sup> Parliament of Australia, *Legal aid and legal assistance services*, Available at: <[http://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/rp/BudgetReview201415/LegalAid](http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview201415/LegalAid)>

<sup>55</sup> Legal Aid NSW, *Legal advice*, Available at: <<http://www.legalaid.nsw.gov.au/get-legal-help/advice>>

<sup>56</sup> Parliament of Australia, *Legal aid and legal assistance services*.

<sup>57</sup> Australian Bureau of Statistics, *Personal Safety, Australia, 2012 (2013)*. The term 'partner' in the Personal Safety Survey is used to describe a person the respondent currently lives with, or lived with at some point, in a married or de facto relationship.

provide a safe and non-adversarial means for parents to resolve post-separation parenting disputes, while remaining child-sensitive.

The pilot has since been discontinued, yet it successfully developed long lasting, collaborative relationships between socio-legal providers around family violence.

*Further detail is available in the Service Collaboration Framework*

More recently, there has been a high degree of public interest in ensuring adequate service provision for victims of family violence in the wake of high profile cases. In Victoria, the recent Royal Commission into Family Violence acknowledged that family violence is the 'most pervasive form of violence perpetrated against women in Victoria' and has profound impacts.<sup>58</sup> In order to combat this, there has been an increasing emphasis on improving connections between police, socio-legal services (including FLS) and other relevant agencies in order to support both victims and perpetrators. Many providers of FLS reported that this is an area of focus for collaboration moving forward.

In September 2015, the Prime Minister announced an additional funding commitment of \$100 million to 'provide a safety net for women and children at high risk of experiencing violence.'<sup>59</sup> This funding includes \$12 million to trial the use of innovative technologies, \$5 million to expand the national telephone and online counselling and information service and \$5 million for safer technology, including the distribution of 'safe phones' to women. The distribution of this funding may affect the operation of FLS. At the time of writing, details as to the distribution of these funds were not available.

## Data matching

Within the socio-legal services, there is an increasing appreciation of the importance of data matching across services.<sup>60</sup> A number of Australian government departments, including the Australian Tax Office (ATO) and agencies such as Centrelink, are investing in data matching where permissible under privacy legislation. Data matching has the potential to improve data quality, uncover and reduce duplication and provide clients with more informed service that takes into account the entirety of their needs.

However, there are a number of restrictions on data matching within FLS. Client confidentiality is a high priority for providers, with some confusion noted during workshops around the exact requirements of current legislation. Service providers in the workshops indicated that there may be a need for clarification on the privacy framework related to the DSS Data Exchange. Some providers expressed concern that data was not being appropriately de-identified, and therefore they were unable to meet privacy obligations to clients.

### Key observations

- Competitive tendering may produce more efficient services for government and the public, but may also discourage collaboration between providers. Equally, encouraging collaboration among service providers may be perceived as at odds with the current competitive-tendering environment.
- Outcomes-based funding may make providers more accountable to the services they provide and the achievement of client outcomes.
- Recent reductions in legal aid funding may reduce the ability of FLS to provide Legally Assisted FDR, which may reduce the number of cases with a legally-framed outcome, potentially resulting in less durable parenting agreements.
- Increased funding for domestic violence may create a higher demand and have a tangible impact on the provision of FLS and associated collaboration with police, child protection and other relevant agencies.
- Providers of FLS may have to navigate confidentiality concerns arising from trends in data matching across the socio-legal services, making collaboration more difficult, with a potential to compromise better outcomes which may be achieved with more information sharing.

<sup>58</sup> Terms of Reference for the Royal Commission into Family Violence, Available at: <<http://www.rcfv.com.au/MediaLibraries/RCFamilyViolence/UploadedDocs/Terms-of-Reference.pdf>>

<sup>59</sup> Malcolm Turnbull MP, Federal Member for Wentworth, Prime Minister of Australia, *Release: Women's Safety Package to #StoptheViolence*, Available at: <<http://www.malcolmturnbull.com.au/media/release-womens-safety-package-to-stoptheviolence>>

<sup>60</sup> Australian Government, *Data Matching*, Available at: <[www.aphref.aph.gov.au-house-committee-efpa-tfnaudit-chapter3.pdf](http://www.aphref.aph.gov.au-house-committee-efpa-tfnaudit-chapter3.pdf)>

### 3.1.6 Other social, economic and technology trends

Service systems are challenged to respond to several social, economic and technological trends that are emerging and are predicted to increase over the next twenty years.

#### Social and economic trends

The following points highlight the overlapping demographic, societal and economic trends considered relevant for FLS.

- **Changing living standards not equally shared** – From 2004 to 2014, the gap in living standards between the richest and the poorest in Australian society has grown by 13 per cent, and it is projected to grow a further 10.4 per cent over the next 10 years.<sup>61</sup> Recent research has examined how family structure, age, income and home ownership has affected standard of living growth over the past 10 years and has modelled expected standards going forward. Single parents had the lowest gains in living standards; families headed by persons on allowances also fared poorly with a 4.3 per cent increase in their living standards compared to non-beneficiaries whose increase has been around 20 per cent. For older families, there are mixed results: many families enjoyed stronger standards of living than younger households, but lower income older households are projected to have little growth in living standards. Low income families are expected to have three per cent lower standard of living in the next 10 years compared to their current standard of living.<sup>62</sup> For households in the lowest income quintile of the population, it is expected that incomes are projected to fall over the next 10 years by (by 4.5 per cent).
- **More from less** – With population growth, there is pressure on finite resources (nature resources and service systems). This has led to increased budgetary pressure and a desire to ‘do more with less’<sup>63</sup>. Internationally and locally, governments are highly aware of a fiscal gap (the gap between projected demand for services and available budget) and have actively reviewed expenditure. At the Commonwealth level, it is predicted that there will be annual spending growth of 2.6 per cent over the next 10 years (2014-15 to 2025-26), which contrasts with the 3.6 per cent average growth of the last 10 years<sup>64</sup>. A number of strategies have been adopted by government to address fiscal pressures including curtailing spending through refocusing government mission and services, redesign of processes and/or increasing efficiency, and through raising revenue.
- **The ageing workforce** – Changes in Australia’s demographic profile will see an increase in people aged 65 years and over in the next 40 years, from approximately 14 per cent to 23-25 per cent. The amount of people proportionate to people in this age cohort will also fall. In 2010, there were five people to every one person over the age of 65 years. In 2050, this will almost half, to 2.7 people of working age to every one person over the age of 65 years.<sup>65</sup>
- **Intergenerational burden** – The first two trends - increasing demand for services and fiscal pressures - as well as an ageing population, means that unless there is improved structural alignment between revenue and spending, there will be an increased burden on the next generation.<sup>66</sup>
- **Instant and personalised services** – Consumer expectations for services to be personalised and tailored to their needs, and provided to them on-demand, will subsequently create increasing pressure on the human services delivery system. Additionally, despite improvements to technology and its enhanced use as a method of communication, there is still a strong preference for face to face interaction.<sup>67</sup>
- **Non-nuclear families** – Providers of FLS are increasingly required to address the needs of non-nuclear families, including bringing grandparents, step-parents, aunts, uncles and other carers into FDR or mediation. Anecdotal evidence collected during consultations suggested that increasing client

<sup>61</sup> B. Phillips, *Living standard trends in Australia: Report for Anglicare Australia*, NATSEM, Available at: <http://www.natsem.canberra.edu.au/storage/Living%20Standard%20Trends%20Final.pdf>, 2015.

<sup>62</sup> Ibid.

<sup>63</sup> Hajkowicz et al, *Our Future World: Global megatrends that will change the way we live*, 2012.

<sup>64</sup> J. Daley, & D. Wood, *Fiscal Challenges for Australia*; Grattan Institute, (Working paper No. 2014-15 July 2015), Available at: <http://grattan.edu.au/wp-content/uploads/2015/07/824-Fiscal-challenges-for-Australia2.pdf>, 2015.

<sup>65</sup> Ibid.

<sup>66</sup> Ibid.

<sup>67</sup> Ibid.



complexity has resulted in an increase in care of children by grandparents and other extended family members. This has the potential to complicate the mediation process, and require a greater number of resources in order to achieve resolution.

- **Couple formation and dissolution** – Rates of divorce in Australia are declining.<sup>68</sup> This may be due to an increase in the number of de facto couples, who may not have their relationship status or breakdown captured by official data. De facto couples undergoing separation may still seek support from FLS, with the lack of available data making it more difficult to predict future client demand.

In many instances, the trends outlined above are already having an impact on the provision of FLS. All have the potential to impact client expectations of socio-legal services into the future, and should be considered in order to ensure that the needs of Australians continue to be met.

## Technology trends

Technological innovations continue to impact the way socio-legal services are delivered. For FLS, trends in technology may improve providers' ability to service regional and rural areas. In the last 10 years, there has been an increase in the quality and use of long distance telephone and video technology, which has practical application in the provision of FLS.<sup>69</sup> Many providers already use these technologies to provide mediation services to clients in remote areas, and it is likely that the accessibility of these services will increase with the rollout and completion of projects such as the National Broadband Network (NBN).<sup>70</sup>

There has been an increase in the uptake of digital and remote service provision across government services more broadly.<sup>71</sup> Increasingly, individuals' interactions with government are utilising a variety of digital platforms, including telephone, webpages, mobile apps and social media services. In order to provide flexible engagement with clients, many providers of FLS are rolling out digital services that meet the needs of time-poor clients.

### Case Study – iRefer App

The Melbourne Family Law Pathways Network has developed a mobile application (iPhone and Android) as an extension of the Kiosk project at the Dandenong Family Court. The app collates information on the services available to clients as part of FLS, service outlet locations and fee structures. Judges, Magistrates and members of the public are able to use the app as a reference point when referring or self-referring into the family law system.

*Further detail is available in the Service Collaboration Framework*

Funded by AGD, the Queensland-based Telephone Dispute Resolution Service (TDRS) services thousands of clients per year, many of whom are in remote locations (including ATSI clients), or unable to attend services in person. Providers continue to innovate in a variety of ways to meet the needs of their clients and facilitate online, flexible, engagement.

The emergence of digital has resulted in a combination of new, easily available technologies which are fundamentally changing the way in which citizens consume public services or engage with government agencies and their service providers. In the 'digital world', the ease and availability in which agencies and their providers can adapt and use technology to engage with citizens is shifting business models from reactive, to proactive or customer driven. This shift is being further driven by the online presence of the Australian citizens where 80% of the population is 'online' and over 60% are connected via a social media network<sup>72</sup>.

Some of core digital trends which have the potential to affect service delivery within government agencies include:

<sup>68</sup> Australian Bureau of Statistics, *3310.0 – Marriages and Divorces, Australia, 2013*, Available at: <<http://www.abs.gov.au/ausstats/abs@.nsf/mf/3310.0>>.

<sup>69</sup> The World Bank, *Information Communications Technology for Development*, Available at: <<http://live.worldbank.org/information-communications-technology-development>>, Accessed 12/11/15.

<sup>70</sup> Australian Government Department of Communications and the Arts, *National Broadband Network*, Available at: <<https://www.communications.gov.au/what-we-do/internet/national-broadband-network>>, Accessed 12/11/15.

<sup>71</sup> Australian Government Digital Transformation Office, details available at: <<https://www.dto.gov.au/standard/case-studies>>.

<sup>72</sup> [www.socialmediaindex.com/May](http://www.socialmediaindex.com/May) Statistics 2015

- **Distribution of public services across channels** – Increasingly, organisations are being encouraged to interact with customer or citizens across a greater range of channels, such as via websites, mobile applications and social media. Effective multi-channel sales and service can improve the efficiency of providing a service and improve cost efficiency, whilst empowering citizens with the preference of which channel they would prefer to interact with. The choice of channel is often driven by the level ease of accessing the services, and when given the choice, citizens choose ease of use every time<sup>73</sup>.

Potential impact for FLS

While there will continue to be a role for face to face interactions in service delivery, digital channels have the potential to assist FLS to be more accessible, particularly with citizens who prefer, or need, to engage with services remotely or outside traditional operating hours. Providing services through a digital channel can also assist in making services more accessible for people living in remote or rural areas (where bandwidth permits), single or at-home parents, people with a disability, those at risk of violence or intimidation, and shift workers.<sup>74</sup>

The delivery and execution of digital requires appropriate planning and investment (e.g. developing, maintaining and ensuring the currency of online content, establishing the digital platform, migrating the business process to the digital channel, etc.). There may be a role for AGD to play in supporting service providers in the development of their digital offerings.

- **Mobile device applications** – Further to the digitisation trend, and given 73% of Australian’s use the Internet through a mobile device,<sup>75</sup> mobile device applications will increasingly become a key mechanism by which providers can disseminate information to, and collect information from, existing and potential clients. Already 86% of Australians’ mobile time is spent on apps and more than half of Australians’ digital experience is spent on mobile devices.<sup>76</sup>

Potential impact for FLS

Mobile applications allow clients access to personalised information and services without requiring them to navigate complex government or provider websites.<sup>77</sup> Applications can be downloaded onto smartphones free of charge or at a fee set by the provider. The iRefer App is an example of current FLS providers utilising mobile applications to reach their client base and support interested parties, including Judges and Magistrates. Feedback from service providers indicates that this has been a successful digital offering.<sup>78</sup>

The presence of cameras on most smartphones has the potential to allow clients to upload documentation, photographs and other information digitally to service providers and government.<sup>79</sup> This may assist in the provision of wrap around care for clients through the provision of up to date information to practitioners.

- **Cloud computing** – Cloud computing is the term used to describe how shared IT infrastructure and services are pooled to provide IT-based services. Cloud-based solutions enable cost shifting opportunities and/or efficiencies through fluid capacity scaling, reduced capital investments, and quick-to-deploy capabilities. The cloud computing model is comprised of the following two concepts:
  - a shift from delivering products to delivering services; and
  - support for massively scalable and elastic services – ‘IT on demand’.

Potential impact for FLS

Relevant to AGD and FLS is the use of cloud computing as a service delivery model. This enables a more cost effective and agile approach to the development and rollout of new technology services by service providers (including the delivery of the digital channel that has been described). This could

<sup>73</sup> KPMG publication: Digital Government Ease of Use Index 2015

<sup>74</sup> Australian Institute of Family Studies, *Using technology in service delivery to families, children and young people*, Available at: <<https://aifs.gov.au/cfca/publications/using-technology-service-delivery-families-children/benefits-and-challenges>>, Accessed 18 January 2016.

<sup>75</sup> ACMA Communications Report 2014/2015

<sup>76</sup> IAB / Nielsen Mobile Panel Pilot 2014

<sup>77</sup> KPMG International, *The Integration Imperative*, p. 24.

<sup>78</sup> Consultation carried out with Victorian service providers, 1 September 2015, Melbourne. Further information is available in the Service Collaboration Framework.

<sup>79</sup> KPMG International, *The Integration Imperative*, pp. 24-25.

replace the previous model where significant time and resources were used to “build” the application and underlying technology.

The inherent risks of data sovereignty, privacy and security have been progressively addressed by the increasing maturity of services providers and, although still relevant, are not necessarily still major impediments.

- **Data and Analytics** – Digitisation of interactions with agencies, service providers and citizens has the potential to allow service providers to perform more robust analysis of their client base and of the needs of individual clients.

#### Potential impact for FLS

Some FLS providers already utilise electronic client records, which include the storing of client information on a digital server, allowing providers to track a client’s progress through the system and record crucial case information. However, greater benefits could be achieved when a business embeds a Data and Analytics (D&A) strategy, and is able to integrate data technology into existing systems and ways of doing business.

Organisations with a strong D&A strategy find that they have a number of scenarios or hypothesis on hand which will enable the organisation to effectively respond to sudden changes in direction. A data-driven organisation will also be highly capable of using data to manage its exposure to risks in marketing, supply chain, and finance.<sup>80</sup> It would also be able to leverage those insights to ensure that it is providing the correct product or service to clients. As an example, providers may be able to monitor client interactions based on a range of indicators (e.g. demographic indicators, wait times and mediation success rates). This has the potential to allow service providers to identify changes in consumption of services and be empowered with the right information to make the appropriate proactive adjustments.

These benefits need to be considered in the context of privacy legislation and confidentiality requirements for the collection, storage and use of this data.

- **The mobile workforce<sup>81</sup>** - Work activities are becoming increasingly broken into smaller segments of time, interspersed with other tasks (task fragmentation), and encroaching on traditional non-work or personal down-time (workplace fragmentation). As a result, employees complete their work in more than one location, and non-traditional hours, and in different settings to the ‘traditional office’ layout. Understanding different working styles of employees, recognising that there is no ‘one size fits all’, and being able to digitally enable them with the flexibility they need is key to unlocking an efficient workforce.

Providing a workforce with collaboration tools, mobile connectivity, improved knowledge sharing ability, can lead to an ‘agile working environment’. This uplift in people’s freedom of how they wish to work can lead to improved speed to market around decisions and solutions, improved employee engagement which leads to productivity, attraction and retention of talent.

#### Potential impact for FLS

For FLS, enabling an increasingly mobile workforce capable of working remotely has the capacity to allow service providers to service rural and remote areas without the need for significant physical infrastructure. If leveraged appropriately, this may have the potential to improve access to justice for Australians who may not be able to attend a FLS outlet in person. In addition, flexible working arrangements may assist in the retention of FLS employees.

- **Technology based workforce development** – As technology continues to develop, there is increasing scope to support FLS providers with digitised training and workforce development for their employees. Technology based training may include webinars, online training programs, digital classrooms and the provision of self-paced training material on a central online portal. There is scope for such training to be provided by either AGD or individual service providers, where appropriate.

#### Potential impact for FLS

If provided by AGD, there is the potential to achieve a degree of standardisation of service delivery across the country, or across a specific provider if delivered by a FLS provider. There is scope for this to

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<sup>80</sup> KPMG Going beyond the data: Achieving insights with data and analytics.

<sup>81</sup> KPMG “ Work fragmentation, how much is too much?”

improve the client experience, and promote collaborative behaviour across outlets and providers through standardising of aspects of service delivery.

### Key observations

- There is growing pressure on community services to achieve ‘more with less’, placing pressure on FLS to develop increasingly efficient means to deliver services.
- The increasing number of non-nuclear families and de facto separations may create additional legal complications (i.e. around custody of children) which practitioners will need to address.
- Increasingly, clients have a preference to access information remotely and digitally, yet still enjoy a personalised service experience. Providers of FLS may have to adapt their service provision to meet these needs.
- Trends in technology, such as distribution of public services across channels, mobile applications, cloud computing, data and analytics and trends toward a mobile workforce have the potential to impact on service delivery within FLS in the future.

Table 13 - Options for improvement (policy observations)

Key observation	Option for improvement	Option category	Reference
The current funding model is based on the historic allocation of grant funding to providers, with no apparent link to client volume or outcomes	<b>Funding model change</b>	Funding models	D1-D4
There is potential for overlap across FLS service types	<b>Merging of service types</b>	Service delivery	C4

## 3.2 Service delivery observations and issues identified

### 3.2.1 Client profile and complexity

Increasing case complexity has consistently been highlighted by service providers and by the courts as a growing challenge, most clearly apparent in the family law jurisdiction. This reported increase in complexity relates to both the complicated nature of the legal issues to be determined, as well as the increasingly complex profile of clients in the family law sector.

There is wide variation in the client base using FLS. However, data obtained from DSS indicates that the most significant factor in determining whether an individual will access a service is age, with the typical client of FLS aged between 25 and 49 years. Further information on a range of demographic characteristics of clients, such as gender, employment status, CALD / ATSI and marital status, is provided in Chapter 4. The information provided above and in Chapter 4 is based on available client data, noting the limits associated with registered and unregistered clients, and varying practices of data collection across service providers and jurisdictions.

It can be difficult to quantify a complete client profile due to the number of unregistered clients in the database. Unregistered clients are those clients which have elected not to provide their personal details to service providers. These clients are recorded as having accessed the service, however no demographic information is captured. Anecdotal evidence gathered in consultations with service providers suggests that a higher number of CALD and ATSI clients elect not to register their details with the DSS database than other client cohorts. Data may also have a limited ability to capture the demographic information of all parties involved in the provision of a service. For example, a family accessing CCS may only register the mother and father involved, despite potential service contact with extended family, including grandparents, step-parents, aunts and uncles.

During consultation, service providers suggested that client complexity has increased, particularly since 2006. This was attributed to the 2006 reforms, legislating that all individuals must attempt mediation prior to attending court. It is perceived that this change resulted in a greater number of individuals with complex needs, who may previously have entered the court system directly, attend FLS in the first instance. These complex needs were characterised as an increase in mental health issues, involvement with alcohol and other drugs and domestic violence issues. This is consistent with research in the broader social services sector indicating an increase in client complexity due to these issues.<sup>82</sup> This has resulted in an increase for service providers in both cost and time to provide a coordinated case management approach that is able to meet the entirety of a client’s needs. Based on case complexity, clients may also spend a greater deal of time moving through socio-legal services, and FLS as they use a variety of services to address their needs.

Service providers expressed concern during consultation that the increase in client complexity could make the implementation of an outcomes based funding model problematic. Specifically, providers were concerned that an outcomes based model would discourage providers from taking on complex client cases, and that such a model would not take into account the, sometimes extensive, period of time required to address the needs of complex clients.

Due to this complexity, service providers further indicated that there has been an increased need for coordination with child protection, police and domestic violence services, and specialised alcohol and other drug assistance for clients. This has increased the risk profile of providing services in some areas, as well as the number of vulnerable clients seen by providers.

### Case Study – Increase in Client Risk Profile

During consultation, one Queensland provider stated that previously its organisation may have classified 1-2 cases per month as high risk. Now this number can be as high as 15 per week.<sup>83</sup> This is placing an additional burden on both practitioners and management staff, as these cases require a high degree of attention, resources and monitoring to ensure the ongoing safety of client/s and staff members.

Some concerns were expressed by service providers that there may be unmet need within the ATSI and CALD communities. Data indicates that ATSI clients are over-represented in the FLS client cohort, while CALD clients are under-represented, as outlined in Table 14 below.

Table 14: Proportion of ATSI and CALD clients vs general population

	Australian Population	FLS Clients
ATSI	2.67%	4.19%
CALD <sup>84</sup>	3.20%	2.78%

Source: Data supplied to KPMG by DSS, and ABS data

Based on these figures, there may be unmet need in CALD communities. ATSI clients, however, are over-represented within the FLS cohort. This does not preclude further unmet need in ATSI communities, and may be an area for further investigation.

### Key observations

- FLS providers are seeing increasingly complex client needs which require additional funding, time and are characterised by a higher risk profile.
- Increasingly, providers have had to collaborate with other socio-legal services, such as mental health, alcohol and other drug, domestic violence and child protection services, in order to meet the needs of complex clients.
- It is possible that there is some unmet need within the ATSI and CALD communities, with DSS data indicating ATSI clients are over-represented, while CALD clients are under-represented in the FLS client profile.
- Utilisation of outcomes-based funding models may not be appropriate given the complexity of client need and the potentially extensive period of time taken to meet the full range of a client’s needs.

<sup>82</sup> Australian Community Sector Survey 2013, National Report, *ACOSS Paper 202*, p. 33.

<sup>83</sup> Consultation carried out with Queensland service providers, 18 August 2015, Brisbane.

<sup>84</sup> Using Census data on language proficiency (English [well or very well] vs English [not well or not at all]) and DSS supplied data on client main language (English vs not English).

## 3.2.2 Current service delivery models/philosophies

FLS are intended to provide universal access to all Australians who require them. The services are designed to divert cases out of the court system and resolve them through mediation in a non-adversarial environment that prioritises the needs of children.<sup>85</sup> Services should be non-litigated, coordinated and effective in resolving family disputes at an early stage.

The establishment of FRCs as part of the 2006 reforms established a 'front door' to FLS. In addition, FLS operates as 'no wrong door' system, with providers required to refer clients on to the appropriate service if the initial intake point is not the most appropriate.<sup>86</sup> This requires service providers to have some knowledge of the alternate service provision in their region. Joint FDR sessions will be provided free of charge for one hour per couple. For clients earning \$50,000 or more gross annual income, providers will charge \$30 per hour for the second and third hours of joint FDR. Additional fees may be charged in line with provider fee policies if further sessions are required.<sup>87</sup>

Where interpreters are required, up to four hours of joint FDR is provided free of charge, recognising that more time is likely to be needed. Providers will charge clients earning \$50,000 or more gross annual income \$30 per session for the fifth and sixth sessions. Additional fees may be charged in line with provider fee policies if further sessions are required.<sup>88</sup>

Providers of FLS operate under a universal access service delivery model. Providers are also required to address the needs of at-risk cohorts, including ATSI and CALD clients. Previously, providers were required to develop a Vulnerable and Disadvantaged Access Strategy setting out their engagement with these cohorts, with many providers continuing to do so despite the requirement to report on this strategy ceasing.<sup>89</sup>

### Case Study – ATSI Clients in South East Queensland

Four organisations in South East Queensland (Anglicare Southern Queensland, Centacare Brisbane, Relationships Australia [QLD] and UnitingCare Community) have collaborated to develop a Vulnerable and Disadvantaged Client Access Strategy in the Greater Brisbane Metropolitan area. The group has worked together to increase the services made available to ATSI clients, with every stage of strategy development involving close consultation with local ATSI communities and elders.

*Further detail is available the Service Collaboration Framework*

There is potential for high throughput within FLS. Within the broader socio-legal sector, there may be a perceived incentive for clients to enter and exit services quickly, in order to service a greater number of people. However, in the case of FLS, high levels of throughput are not an indicator of successful service delivery. Mediation, by definition, is a long term process, requiring multiple sessions over an extended period of time.<sup>90</sup>

Consultation with service providers indicated a general increase in demand for FLS in recent years. In response to this, providers continue to seek out innovative solutions to meet client need. Providers of FLS indicated a preference for the provision of a holistic service, requiring greater collaboration and a more time intensive approach. This model has implications for both the design of services and the funding model.

### Key Observations

- The collaborative nature of socio-legal service provision requires providers to have a strong knowledge of the complementary services available in their geographic region for the purpose of client referrals.
- Providers of FLS may require ongoing contact with clients over an extended period of time in order to meet the full range of their needs. High throughput is not necessarily an indicator of provider efficiency or success in meeting client need.

<sup>85</sup> Kaspiew et al, Evaluation of the 2006 reforms, p. E1.

<sup>86</sup> Operational Framework for Family Relationship Centres, Revised May 2014, supplied by AGD, p. 18.

<sup>87</sup> Ibid, p. 5.

<sup>88</sup> Ibid, p. 5.

<sup>89</sup> Department of Social Services, *Families and Children – Vulnerable and Disadvantaged Access Strategy*, Available at: <<https://www.dss.gov.au/our-responsibilities/families-and-children/programs-services/family-support-program/family-and-children-s-services/program-guidelines-and-related-information/vulnerable-and-disadvantaged-client-access-strategy>>

<sup>90</sup> Consultation with service providers in Sydney, 19 August 2015. FDR Practitioners emphasised the need for mediation to be considered as a long term process.

- There are concerns that mainstream mediation models may not be culturally appropriate for ATSI clients. Some providers, however, have developed alternative models.

### 3.2.3 Service wait times

Data supplied by DSS on the wait time between first client contact and the first intake session has been used to calculate an average wait time per service for 2014-15, as below in Table 15. There are concerns that data collection varies from state to state, and therefore that the calculations below may not be appropriately indicative of service wait times in some areas. In addition, the nature of service provision has been found to vary across jurisdictions, with some providers supplying more intensive services than others. This may further impact on service wait times.

Table 15: Average Service Wait Time

Service type	Average wait time (weeks)
Children's Contact Services	7.9
Family Law Counselling	1.2
Family Dispute Resolution	3.0
Family Relationship Centres	3.7
Parenting Order Program	3.5
Post Separation Cooperative Parenting	2.0
Regional Family Dispute Resolution	2.6
Supporting Children after Separation	1.4
Telephone Dispute Resolution	6.3
All services	3.7

Source: Data supplied to KPMG by DSS

Wait times for services vary significantly across jurisdictions and service types. Further examination of data reveals that service wait times increase in regional and rural areas. Anecdotal evidence collected from service providers challenges the data supplied by DSS, with many providers considering that longer wait times often apply.

As a core service, wait times to access FRCs were considered by providers to vary from approximately two weeks, to up to three months in some areas. Service providers consistently reported protracted wait times for clients to access CCS and FDR services. In some instances, the wait time to access CCS may be up to 6-9 months. For FDR, wait times may be up to 1-2 months.

#### Case Study – CCS Collaboration with Judges and Magistrates

West Australian providers have worked with Judges and Magistrates within the Family Court to develop electronic pro-forma court orders that limit client access to CCS services. This has allowed providers to service a greater number of clients. Providers have further been able to prioritise clients using CCS as a temporary measure while moving to self-management.

Under the pro-forma court orders, clients are able to obtain access to two hours per week of visitation, to a maximum of 8-10 sessions. If parents are unable to self-manage after this time, they are moved to monthly or three monthly visits. Providers consider that this demand management strategy has worked well to reduce wait times to a manageable level within CCS.

*Further detail is available in the Service Collaboration Framework*

The protracted wait times for CCS were of concern to providers, particularly in the stress caused to clients who are unable to access services due to high demand, despite a court order granting them use of CCS. There are further concerns about the potential negative impact on children who are unable to see both parents during separation.

Many providers considered that no wait time is "acceptable". Despite this, data indicates that any wait time less than approximately four weeks may be considered to be standard, and below the average.

Family Relationship Services Australia (FRSA), as the peak body for FLS, stated that there has been an increase in for-profit equivalents of CCS as a result of this demand. There are concerns that there is a lack of

regulatory schemes and/or quality management systems governing these businesses, which may pose risks.

#### Key observations

- Wait times beyond approximately four weeks for any service may be considered to be excessive, though for clients in distress, any wait period may compound issues.
- Excessive wait times for CCS in some areas may be negatively affecting the ability of children to develop and maintain beneficial relationships with both parents.
- Excessive wait times for CCS in some areas may be resulting in an increase in for-profit equivalents that do not operate in a regulated environment, potentially increasing risk.

### 3.2.4 Service collaboration

Workshops undertaken with service providers indicated that effective collaboration between providers is part of day-to-day operations, and provides significant benefit to their clients. This collaboration occurs to varying degrees and with a variety of sectors across Australia. Collaboration is a crucial part of service delivery, and addresses high levels of client complexity. There is some tension with provider collaboration in the context of the competitive tendering environment.<sup>91</sup>

Evidence gathered during consultations demonstrates highly effective collaboration across services within providers and between providers in the socio-legal sector. There is evidence to suggest that providers that are funded to deliver multiple services (across FLS and also across other state and federally funded services) have greater flexibility and capacity to refer clients across multiple service streams.<sup>92</sup>

#### Case Study – Consumer Support Service

FMC Mediation and Counselling in Victoria have developed a telephone-based intake and triage system, which services all FMC sites and services. The CSS is staffed by trained professionals who process, triage and book appointments for clients. Upon calling, an initial assessment is performed and clients are able to be booked into FMC services directly during the call. In addition, the service will provide warm referrals to police, welfare services, the child protection system, mental health services, legal services and other family law or welfare services. FMC is funded to deliver a range of family law services, as well as a number of other socio-legal programs.

In situations where FMC has a wait time to obtain access to a particular service, FMC may also provide warm referrals to other service providers that can meet the needs of the client in question. With the use of this system, wait times have been reduced to 13 days across FMC, and the service boasts a 94 per cent response rate to initial enquiries (within 24 hours).

*Further detail is available in the Service Collaboration Framework*

Some service providers engage in formalised collaboration through consortia, MOUs or joint tendering arrangements, while others have opted for less formal, more organic arrangements that meet the needs of both providers and their associated client bases. Providers considered that both formal and informal collaboration has contributed to the achievement of client outcomes.<sup>93</sup>

During consultation, service providers suggested that the geographic location of service providers may have an impact on their ability to collaborate. Some service providers in regional or rural settings considered that it was difficult to build a relationship with the court system in the absence of permanent sitting magistrates and/or judges.<sup>94</sup> This may be considered a gap in service collaboration more generally.

Alongside good practice examples, some gaps in collaboration were identified. Providers of FLS indicated that there may be scope for greater collaboration with courts and the legal system, domestic violence services, child protection agencies, private practice lawyers and community groups supporting ATSI and CALD clients. Some providers were, however, able to supply good practice examples of collaboration in these instances, including strong examples of collaboration in the provision of services to ATSI clients.

<sup>91</sup> Consultations with Service Providers. Further information supplied in Appendix 2.

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<sup>94</sup> Consultations with Service Providers. Further information supplied in Appendix 2.



## Case Study – Aboriginal Mediation Model

Centacare in Tamworth acknowledged that their traditional mediation model was not addressing the needs of the local ATSI population, and as a result, developed an Aboriginal Mediation Model following extensive community consultation. Specifically, staff identified that ATSI clients were using their services, but were not able to reach the stage of the process involving mediation sessions before ‘dropping out’. Clients would subsequently re-enter the system at a later date, again go through the first steps, yet remain unable to reach mediation. This pattern was considered too common, and a new model needed to be developed to address it.

This model was developed during the course of extensive consultation with community groups and elders, and has resulted in the development and recent implementation of a dedicated Aboriginal Mediation Model, which incorporates feedback from the cohort it aims to service.

*Further detail is available in the Service Collaboration Framework*

Some service providers consider that the current competitive tendering environment may have a negative effect on the ability of providers to collaborate. During consultation, providers noted that the trialling of new collaboration initiatives can be financially prohibitive. Providers were receptive to the provision of further funding for pilot programs, considering that recent pilot programs such as the Coordinated Family Dispute Resolution (CFDR) provided a strong base for pilot-specific and ongoing collaboration between providers.

Examples are available of where providers have overcome this perceived barrier, and nonetheless developed highly effective collaborative practices across the socio-legal sector. These good practice case studies are provided in the SCF, and include high level implementation guidance for interested parties. The case studies outlined in the SCF were gathered during workshops with service providers in Sydney, Brisbane, Melbourne and Perth, supported by input from DSS Grant Managers in the relevant jurisdictions. KPMG has developed the SCF as a standalone document to this report which can assist providers and AGD to identify good practice initiatives to increase collaboration and improve overall service delivery.

Further detail on the key themes and observations arising from workshops with service providers is provided in full in the Appendix. These findings and observations have informed the development of this report.

### Key observations

- Providers of FLS engage in effective collaboration through a variety of cross provider and cross sector initiatives, which results in better client outcomes.
- Further collaboration amongst service providers may be constrained by the tension with competitive tendering, and a lack of available funds for pilot programs.
- There may be gaps in collaboration with courts and the legal system, domestic violence services, child protection agencies, private practice lawyers and community groups supporting CALD and ATSI clients. This may be negatively impacting service provision to at-risk cohorts in some areas.

## 3.2.5 Workforce capability and capacity

Providers of FLS may have difficulties attracting and retaining appropriate, quality staff. Specific issues have been identified as influencing the difficulty of engagement and retention of staff in the community service sectors: salaries, complexity of work, geographic issues and limited career paths.<sup>95</sup> During consultations, some providers reported complications arising from limited funding which can result in the underpaying of staff and issues with limited career progression. This may impact regional and rural providers more than those in metropolitan settings, where the pool of available human resources is larger.

In addition, obtaining a FDR Practitioner qualification can cost thousands of dollars, generally paid for by providers.<sup>96</sup> With high staff turnover, this may result in significant financial expenditure by providers, as new

<sup>95</sup> Precision Consultancy, *Strengthening Workforce Capability; A capability framework for the Victorian Community Sector*, 26 September 2007, p. 5.

<sup>96</sup> Attorney-General's Department, *Becoming a family dispute resolution practitioner*, Available at: <<https://www.ag.gov.au/FamiliesAndMarriage/Families/FamilyDisputeResolution/Pages/Becomingafamilydisputeresolutionpractitioner.aspx>>

staff require training. Evidence from consultations indicated that supporting workers who work in outreach locations can also be time consuming and costly.

Providers in Perth stated that their pool of human resources can, in part, be sourced from the partners of mining workers who relocate to Western Australia. In current circumstances, with a declining mining sector, this can result in a significant proportion of this pool relocating away from WA.<sup>97</sup>

Managing FLS workforce presents an ongoing challenge for some providers, and is a consideration for the future of the services, in order to ensure the ability of services to continue to meet the needs of the Australian population.

### Key observations

- There are challenges for providers in managing their FLS workforce, with high staff turnover potentially resulting in disjointed service provision and additional expenses for providers in ensuring that all staff are appropriately trained.
- Low staff wage rates and limited career progression may mean that FLS may not be attracting and retaining quality staff.

Table 16 - Options for improvement (Service delivery)

Key observation	Option for improvement	Option category	Reference
Increasing client complexity	<b>Encouraging efficient client pathways</b>	Service collaboration	<b>B3</b>
Unsuitability of standard mediation models for ATSI clients	<b>Support for ATSI mediation models</b>	Service collaboration	<b>B1</b>
Long wait times to access Children's Contact Services	<b>Greater collaboration with the courts on children's contact orders</b>	Service collaboration	<b>B4</b>
Resource constraints on providers in trialling new initiatives	<b>Funding of pilot programs to support collaboration</b>	Service collaboration	<b>B2</b>
Gaps in collaboration between FLS, legal and child protection services	<b>Greater collaboration with child protection services and the legal sector</b>	Service collaboration	<b>B5</b>
Increasing demand for FLS resulting in a need for innovative solutions to meet client need	<b>Enhanced use of technology</b>	Service delivery	<b>C1</b>
	<b>Increased use of TDRS</b>	Service delivery	<b>C2</b>

<sup>97</sup> Consultation with Service Providers in Perth, 3 September 2015.

# 4 Key demand and service location observations and issues

This section will examine the current demand profile for services, including the demographic characteristics of existing FLS clients, demographic demand drivers and service utilisation across jurisdictions and by service type. The current service locations and future projected population growth are also detailed for metropolitan areas across Australia, including a specific case study of Victoria.

## Data limitations

For the purpose of this analysis, KPMG has used DSS provided data without making any attempt to verify its authenticity. Where appropriate, we have noted specific concerns with particular findings, where they are not consistent with previous research or general trends in the social services. There are a number of data integrity and consistency concerns with data provided to KPMG by DSS. These are outlined below.

### FLS client data

All analysis undertaken has used 2014-15 FLS registered client data provided by AGD and DSS. For this reason, the key findings below are limited by the data collection methodology of each service provider. This has, in turn, impacted on the overall accuracy and completeness of data provided by AGD and DSS.

There have been difficulties in determining the unique number of registered clients engaged with FLS, with particular concern that some service providers may be capturing client session contacts rather than unique clients, and that clients may be double counted if being serviced by multiple service types.

It is also important to note that the client data received is the number of registrations per service type and by registration post code. This is assumed to correlate to unique registered clients, but due to differences in data collection methodologies, this may not always be the case. As such, KPMG's analysis has assumed the number of registrations can be a proxy for the number of unique registered clients.

Further, not all clients involved in FLS activities may be captured in the data (i.e. grandparents, aunts, uncles, step-parents). There is also variation in how services are delivered across jurisdictions. This has the potential to impact on the findings in the section below.

### Comparability to other data sets

Where appropriate, KPMG has compared data with other available data sets, including:

- Census: SEIFA IRSD 2011
- Census: ATSI status (INDG)
- Official population projections from the eight relevant state agencies rebased on ABS 2014 ERP data according to KPMG Demographics methodology.

The most recent update of Census data occurred in 2011. The demographic characteristics of the Australian population have changed since then. Even a small percentage change results in meaningful change to the number of people with those characteristics, and therefore will have an impact on the projected demand for FLS.

This analysis has compared data at two separate time points (2011 Census data and 2014-15 FLS client data) to provide an indicative view only of the demographic characteristics of FLS clients compared to the general population. The next update of Census data will be provided in mid-2017. This will provide a more accurate basis upon which to undertake comparative, detailed analysis.

In this same context, data collected by DSS has not always directly matched the data categories or ABS data definition. For example, the ABS collects data on CALD groups by asking classifying an individual's English language proficiency. In contrast, FLS clients are asked whether English is their main language.

Census – English language proficiency	DSS – Client main language
English (well or very well)	English
English (not well or not at all)	Not English

Inconsistent data definitions and categories inhibit the ability to accurately compare across data sets, and are a limitation on the efficacy of the Tableau Model.

#### Key observations

- The low level of accuracy and completeness of FLS client data collected has limited the ability to draw conclusive findings from the analysis. There is a need to standardise data collection methodology and to increase the proportion of registered clients.
- FLS client data is collected according to data categories which are not directly comparable to ABS data categories.

## 4.1 Current demand profile for services

In order to make an assessment of the expected future gap in service coverage for FLS, KPMG undertook an analysis of the current demand profile. KPMG has provided an analysis of:

- demographic characteristics of existing FLS clients (as compared to general population) and those characteristics of FLS clients which present a driver of future demand
- current service utilisation across jurisdictions, and by service type, to understand the extent of variability across jurisdictions.

FLS services were provided to a total of 196,227 clients in 2013-14, comprised of 94,780 registered clients and 101,447 unregistered clients. The breakdown of registered and unregistered clients by state and territory is provided below:

Table 17: Registered and unregistered clients by jurisdiction, 2013-14

Jurisdiction	Number of registered clients	Number of unregistered clients	Total number of clients	Proportion of unregistered clients
WA	15,994	6,126	22,120	28%
NSW	19,573	15,141	34,714	44%
VIC	21,350	17,027	38,377	44%
NT	1,355	1,107	2,462	45%
ACT	3,253	3,740	6,993	53%
QLD	21,188	28,884	50,072	58%
SA	8,799	18,273	27,072	67%
TAS	3,268	11,149	14,417	77%
<b>All</b>	<b>94,780</b>	<b>101,447</b>	<b>196,227</b>	<b>52%</b>

Source: Data supplied to KPMG by DSS

The overall proportion of unregistered clients across Australia is just over half, 52 per cent. The range across jurisdictions varies widely, from 28 per cent in Western Australia, through to 77 per cent in Tasmania. Consultations with service providers indicated that the practice of registering clients varied across states and service providers. Some service providers, such as those in Western Australia, highly encouraged clients to register. Stakeholders stated that reception staff within outlets would encourage clients to register by explaining the need for the government to be aware of the number of clients using the services, for the purposes of ensuring future funding for FLS. This is reflected in the comparatively low proportion of unregistered clients in that state. Other providers in Victoria indicated they had recently changed their practice and training to staff to more effectively communicate to clients the benefits of registering their details.

## 4.1.1 Current demographic demand profile

### Summary

Age was identified as the single most important demographic driver for FLS, with people aged 25-49 starkly over-represented among family law clients when compared to the average Australian population. As outlined in Table 18 below, no other demographic characteristic had a statistically significant impact on whether an individual was considered more or less likely to use FLS. FLS clients were either representative of the Australian population for these characteristics, or the population with these characteristics was too small to be expected to influence future demand.

The sections below provide further detail on each demographic driver, and the information used to draw key findings.

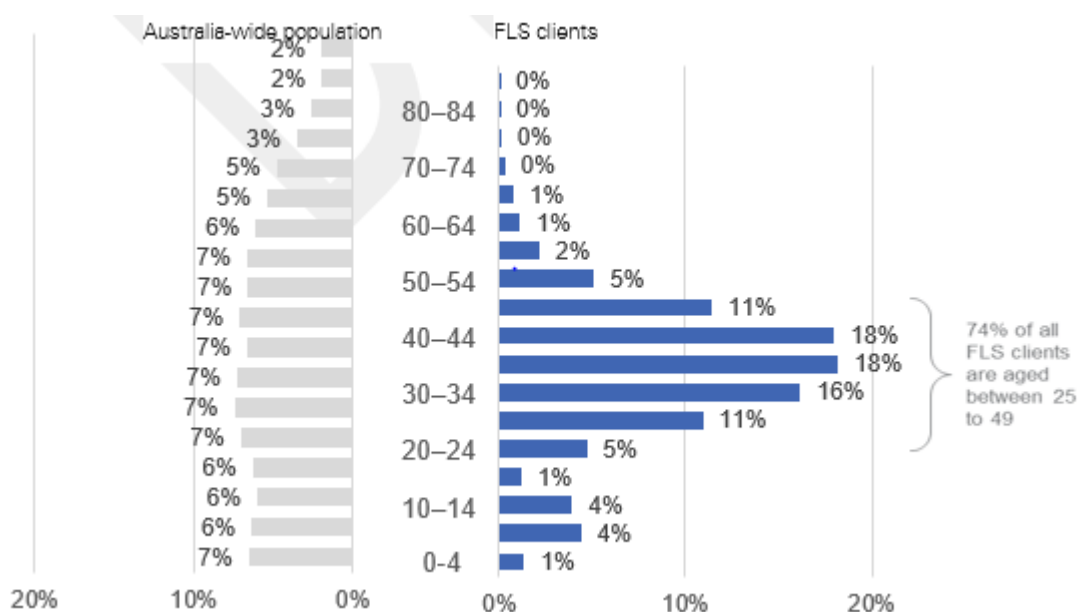
Table 18 - Demand drivers for FLS

Demographic characteristic	Demographic driver	Not a demographic driver
Age	✓	
Gender		X
ATSI/CALD status		X
Employment status		X
Marital status		X
Education status		X
Income		X
Mental health	Potential	
Alcohol and other drugs	Potential	
Family and domestic violence	Potential	

### Age

Age was identified as the single most important demographic driver for FLS, with people aged 25-49 starkly over-represented among family law clients when compared to the Australian population. Seventy-four per cent of all FLS clients are aged between 25 and 49, compared to 35 per cent within this age bracket in the general population, as outlined below in Figure 9. In addition, a number of clients in the younger age brackets are likely to be the children of separating parents in the core age group. As a result, the proportion of clients linked to the core age group is likely to be higher than the 74 per cent indicated in Figure 9 below.

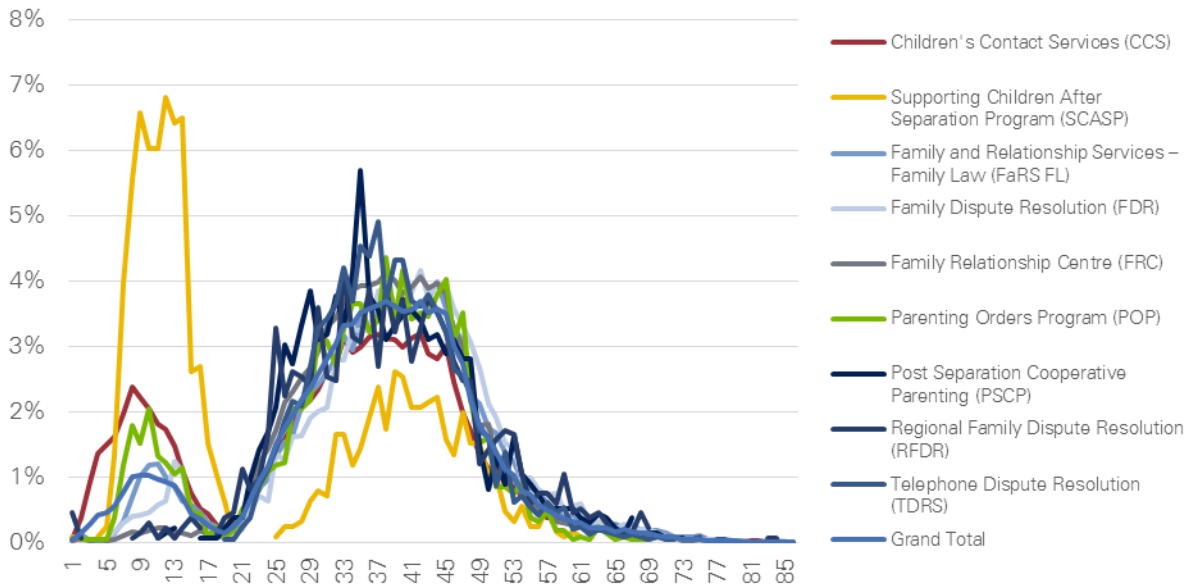
Figure 9 - Population by Age, 2014-15



Source: Data supplied to KPMG by DSS, and ABS data

This client distribution was broadly represented across all service types, with the exception of the Supporting Children after Separation (SCaSP) program, where there is a spike in clients under the age of 17, as shown in Figure 10. Considering the nature of service provision under SCaSP (provision of support to children of separating parents), this spike is not unexpected.

Figure 10 - Client distribution by age (%)



Source: Data supplied to KPMG by DSS, and ABS data

## Gender

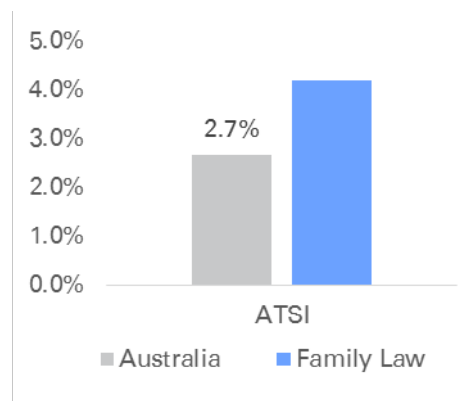
Gender was not found to be a demographic driver of demand for FLS. There are slightly more female clients using FLS (53 per cent), compared to the Australian population (51 per cent). This was not assessed as being statistically significant.

## ATSI/CALD status

ATSI/CALD status was not found to be a demographic driver of demand for FLS. People with an indigenous background constitute 4.2 per cent of family law clients, and are over-represented, compared to 2.7 per cent in the general population. Given the relatively small number of indigenous people in Australia, this was not considered to be statistically significant in changing the future demand for FLS.

Anecdotal evidence collected during workshops with service providers suggested that ATSI clients may be more likely to be unregistered than non-ATSI clients. This may mean that there are more ATSI clients using the services than revealed in the data, although this cannot be quantified.

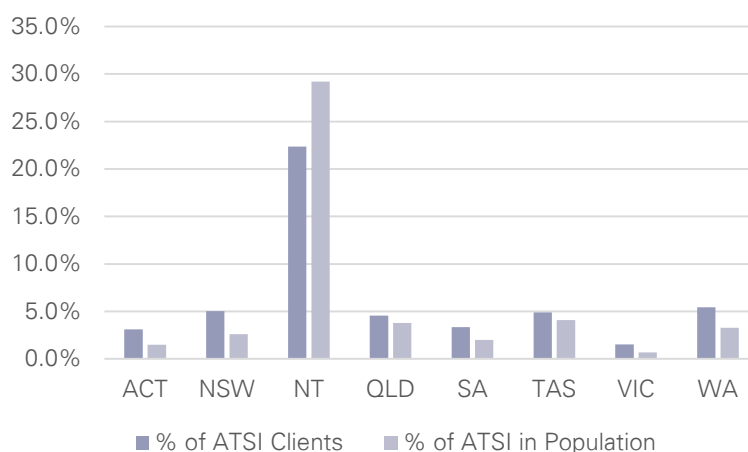
Figure 11 - Proportion of ATSI clients



Source: Data supplied to KPMG by DSS, and ABS data

Comparing the number of ATSI clients by state, as displayed in Figure 12, demonstrates that in each state and territory (with the exception of the Northern Territory) a higher proportion of ATSI clients is serviced than is represented in the population. This may be an area for future consideration by AGD, and indicate a lack of culturally appropriate services in the NT, or other structural issues preventing ATSI clients from seeking services in the NT.

Figure 12 - Proportion of ATSI clients by state



There are some difficulties in carrying out an empirically sound assessment of those with CALD status using FLS. For the purposes of this report, English language proficiency has been used as an indicator of CALD status. While DSS and the ABS measure slightly different definitions of English language proficiency as an estimate of CALD status, the results (shown in Table 19) indicate that FLS clients are broadly representative of the national average in respect of CALD status.

Table 19: ENGLP from Census, Client Main Language from DSS

Source: Data supplied to KPMG by DSS, and ABS data

ENGLP from Census	
English (well or very well)	96.8%
English (not well or not at all)	3.2%
Client Main Language from DSS	
English	97.2%
Not English	2.8%

Source: Data supplied to KPMG by DSS, and ABS data

## Employment status

Employment status is not assessed as being a demand driver, as available data suggests that FLS clients are very similar to the Australian average in terms of being employed. KPMG has compared DSS data on FLS client employment status and ABS Census Data from 2011, as set out in Table 20. This comparison is difficult because of ambiguities in employment status definitions and self-reporting.

Table 20 - Employment status

Employment Status	Family Law Average	Australian Average
Employed	65%	61%
Not in the Labour Force	21%	35%
Unemployed – seeking employment	14%	4%

Source: DSS provided data, ABS Census Data (2011)

It was unclear from the DSS data whether clients self-identified as 'not being part of the labour force' or 'unemployed'. The higher proportion of FLS clients seeking employment is potentially related to stay-at-home parents seeking entry or re-entry into the workforce following a separation or change of circumstances. Available data suggests that FLS clients may be more likely to be employed or seeking employment than the Australian average. The data suggests that Family Law clients are very similar to the Australian average in terms of being employed (65 per cent to 61 per cent respectively). Consequently, employment status was ruled out as a driver for service demand.

## Marital status

Marital status is not assessed as a demographic driver of demand for FLS, with limited variation between the Australian average and clients of FLS. Based on the data set out in Table 21 below, a higher share of FLS clients are in de facto marriages. This is not, however, a direct data comparison. General social trends have seen an increase in de facto relationships in recent years. This is considered to account for this variation, rather than any demographic indicator. For this reason, it is not accurate enough to be relied upon.

Based on the available information, KPMG has assumed that individuals listed as married in a de facto marriage have been in a relationship for longer than two years, while those who are listed as not married have been in a relationship for less than two years.

Table 21 - Marital status

Marital Status	Family Law Clients	Australian Population
<b>Married in a registered marriage</b>	41%	52%
<b>Married in a de facto marriage</b>	26%	10%
<b>Not married</b>	33%	38%

Source: DSS provided data, ABS Census Data (2011)

## Education status

The education status of family law clients over the age of 18 is not assessed as a demand driver for FLS. The profile of family law clients is similar to the Australian average, though it is important to note that a direct comparison of data is not available, due to differing results fields in FLS data compared with ABS Census data.<sup>98</sup> As set out in Table 22 below, clients of FLS are broadly similar to the Australian population in terms of educational attainment, with some evidence to suggest that FLS clients have higher educational attainments than the Australian average.

The variations in education status between FLS and the general population is not assessed to be statistically significant.

Table 22 - Education status

Highest educational attainment	Family Law Clients (18+)	Australian Population (18+)
<b>Year 12 or equivalent</b>	62%	54%
<b>Year 10 and 11 or equivalent</b>	30%	33%
<b>Year 9 or below</b>	8%	12%
<b>Did not attend school</b>	1%	1%

Source: DSS provided data, ABS Census Data (2011)

## Income

DSS data on the income of FLS does not allow for a robust assessment of income as a demand driver. There are a number of varied fields under which clients can declare their income. The most reliable of these, at face value, is set out below in Table 23, though it is noted that alternative scales allow clients to declare income at the following intervals; \$250-\$399, \$400-\$599, \$600-\$799, \$800-\$999, \$1,000-\$1,299, and so on. There is also an option for 'Negative Income'. It was not clear whether these bands referred to weekly, fortnightly or monthly income.

Table 23 takes outlines the percentage of clients of FLS identifying their income as being within each band of the most commonly used scale. Based on this information, 68.6 per cent of FLS clients have an annual income below \$50,000. The inconsistencies associated with this data set present difficulties. Consideration of income as a demand driver is difficult without further information, and a consistent data collection methodology. Income is not assessed as a demand driver for FLS.

<sup>98</sup> For example, FLS data separates 'Tertiary' (39%) from 'Year 12 or equivalent' (23%) while ABS data has 'Year 12 or equivalent' (54%) as the highest category. For the purpose of this analysis, 'Tertiary' and 'Year 12 or equivalent' have been combined (62%) to allow for some comparison across data sets.



Table 23 - Income

Income	Family Law Clients (% of total represented below)
\$0 - \$25 000	41.1%
\$25 001 - \$50 000	27.4%
\$50 001 - \$110 000	24.7%
\$110 000+	6.7%

Source: DSS provided data

## Mental health / Alcohol and other drugs / Family and domestic violence

Anecdotal evidence collected in workshops indicated that there is a higher proportion of FLS clients currently presenting with mental health, alcohol and other drugs and family and domestic violence than prior to 2006. There is limited data to support this. A 2015 study by the Australian Institute of Family Studies (AIFS) indicates, however, a substantiated increase in clients with these complexities between 2012 and 2014. A selection of this data is set out below in Table 24.

Table 24 - Complex issues and family law pathways, 2012 and 2014

	FDR/Mediation (%)			Court (%)		
	2012	2014	Change	2012	2014	Change
Alcohol or drug use	22.4	27.5	+5.1	27.5	41.6	+14.1
Mental health	40.5	45.8	+5.3	55.4	59.3	+3.9
Gambling	6.3	8.7	+2.4	6.1	12.0	+5.9
Internet or social media	27.5	26.2	-1.3	28.0	31.2	+3.2
Pornography use	9.3	13.0	+3.7	13.9	15.2	+1.3
Emotional abuse	72.2	73.7	+1.5	92.6	85.3	-7.3
Physical violence	33.0	26.6	-6.4	49.7	53.7	+4
<b>4+ issues</b>	<b>18.7</b>	<b>21.1</b>	<b>+2.4</b>	<b>28.5</b>	<b>38.1</b>	<b>+9.6</b>

Source: Australian Institute of Family Studies – Evaluation of the 2012 Family Violence Amendments (October 2015)<sup>99</sup>

As part of the 2015 AIFS study, participants were asked to indicate the pre-separation problems at their particular pathway point. The data indicates that there has been an increase in clients at mediation presenting with pre-separation problems of alcohol or drug use, mental health, gambling, pornography use and emotional abuse, yet a decrease in physical violence. This may be explained by the correlating increase in cases with physical violence in a court setting.

In general, there has been an increase (almost across the board) in complexity in pre-separation problems, including an increase in the number of couples presenting with four or more issues. The data above is not sufficient to suggest that alcohol and other drugs, mental health or family violence constitutes a demand driver for FLS. It does suggest, however, an ongoing increase in each of these pre-separation problems. This has implications for service providers and clients as practitioners seek to resolve increasingly complex matters entering mediation.

### Key observations

- Age was identified as the single most important demographic driver for use of FLS. People aged 25-49 are considerably over-represented among FLS clients when compared to the average Australian population.
- No other demographic characteristic had a statistically significant impact on whether an individual was considered more or less likely to use FLS.

## 4.1.2 Service utilisation across jurisdictions and by service type

Client data supplied by DSS shows that demand for FLS varies across Australian jurisdictions. Service utilisation across the jurisdictions has been calculated using DSS data and ABS estimated resident population

<sup>99</sup> Data have been weighted. Percentages do not sum to 100% as multiple responses could be chosen.

data 2014. The analysis has considered the number of registrations in each LGA based on client postcode data (which was reconfigured into LGA boundaries), as a proportion of the population in the core age group (25-49 years) in that LGA. The Tableau Model allows for analysis of the service utilisation rate by LGA, with the high level analysis in this report considering the aggregate utilisation across each service type in metropolitan, regional and remote locations at a state level. The Tableau Model should be consulted for further information.

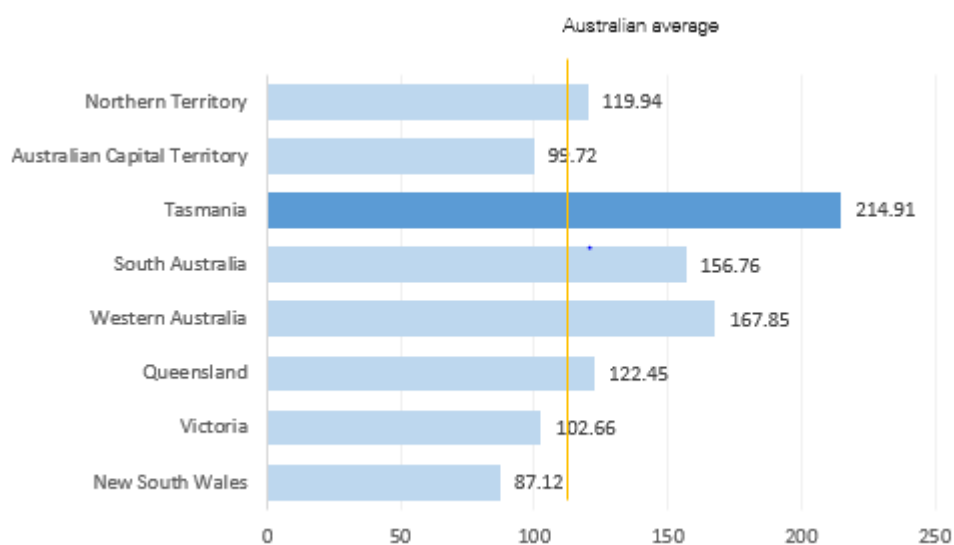
This process has allowed KPMG to make an assessment of the extent to which each service is utilised in locations around Australia. This has been represented graphically in Appendix 1.

## Jurisdiction analysis

The national average utilisation rate for FLS was calculated at 115 registered clients per 10,000 residents aged 25-49 years in 2014. The utilisation rate varies across jurisdiction and service type.

The state average utilisation rates for all service types are charted below. The chart shows that Tasmania had the highest utilisation rate (215 clients per 10,000 residents in core age) and NSW had the lowest utilisation rate (87 clients per 10,000 residents in core age) in 2014.

Figure 13 – Utilisation rate by state, 2014-15



Source: DSS and AGD provided data

Tasmania, in particular, had anomalously higher utilisation rates for every service type, as shown in Appendix 1. Similarly, NSW had lower utilisation rates for every service type. Due to the data limitations already outlined, it is not known whether these outliers have been caused by issues with data collection, differences in service delivery or other causes. As the accuracy and completeness of client data improves over time, a target utilisation rate range can be calculated. Variances from the target can then be analysed.

Based on the present data available, utilisation rates higher or lower than the Australian average are not indicative of better or worse performance of jurisdictions. For example, possible reasons for lower utilisation rates include:

- low demand or unmet demand
- high proportion of unregistered clients
- less efficient service provision
- under-resourcing of services / inadequate funding
- greater prevalence of, or closer proximity to, other services (government or other) resulting in fewer presentations to FLS.

The data limitations and variability in service provision across providers and service types has meant it was not desirable to calculate a target utilisation rate using existing FLS data. As a result, analysis based on utilisation rates is only able to provide indicative areas of difference between jurisdictions and services.

Across most states and territories (Victoria, Queensland, South Australia, Australian Capital Territory and Northern Territory), the majority of FLS registrations were in FRCs. For these jurisdictions, the utilisation rate for regional areas (where applicable) is significantly greater than metropolitan areas. Other than South Australia, these jurisdictions had utilisation rates close to the Australian average.

Three jurisdictions (New South Wales, Western Australia and Tasmania) were outliers in the data set, without an immediately obvious reason and have been examined separately below.

### New South Wales

In New South Wales, the utilisation rate for all nine services was calculated at 87 clients per 10,000 residents of core age group (25-49 years). FRCs were significantly the most highly utilised service, followed by CCS. Almost half of clients in New South Wales were seeking FRC services in 2014.

Within the most highly utilised services, utilisation in regional areas is consistently higher than in metropolitan areas. The utilisation rate for FRCs in regional New South Wales is three times higher than metropolitan Sydney. This analysis suggests that there is an opportunity for utilisation rates to increase in metropolitan areas, and that increased demand is likely to be generated in growth areas, especially in the outer western metropolitan LGAs of Blacktown, Campbelltown, Camden, Liverpool and Penrith.

### Tasmania

In 2014, four per cent of FLS clients resided in Tasmania. The state's utilisation rate was, however, very high, at almost twice the national average.

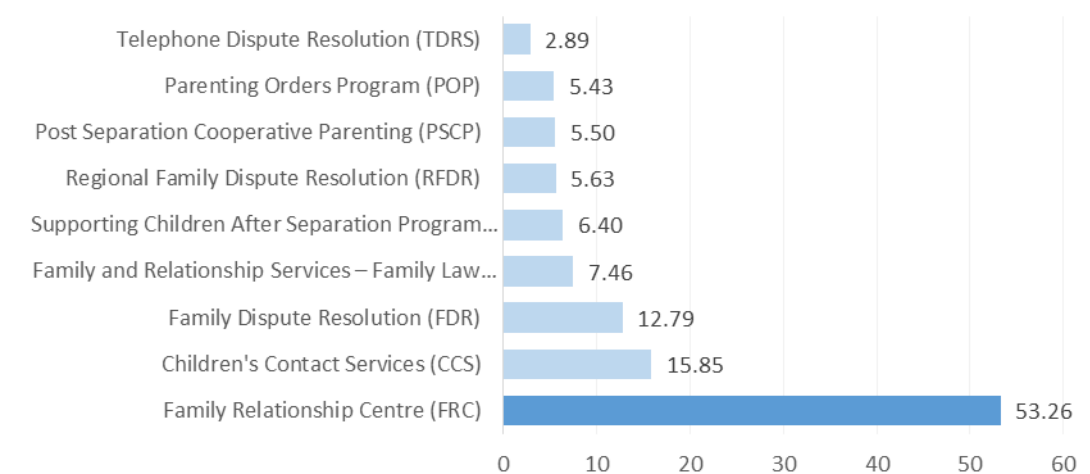
### Western Australia

The total FLS utilisation rate calculated for Western Australia was significantly greater than the national average in 2014. Like the other states, Western Australia has a high utilisation rate for FRCs. Western Australia is, however, unique in that it has a high utilisation rate for FaRS FL. The metropolitan utilisation rate for FaRS FL is also significantly higher in metropolitan areas when compared to regional areas.

## Service utilisation by service type

Australia-wide and for each Australian jurisdiction, FRCs had the highest rates of utilisation in 2014. The chart below shows the extent to which the utilisation rate for FRCs out-stripped other service types in the core age group of individuals aged 25-49.

Figure 14: Utilisation rate by service type, 2014-15



Source: DSS provided data, ABS Census Data (2011)

Although the Regional Family Dispute Resolution (RFDR) had a low rate of use compared to the Australia-wide core age (25-49 years) population (5.63 clients per 10,000 residents in the core age group), the utilisation rate for 25-49 year olds in regional and remote Australia is significantly higher at 20.75 clients per 10,000 residents in the core age group. This highlights the need to consider the service delivery model, the target client base and other contextual factors for service delivery across service providers and jurisdictions.

### Key observations

- The utilisation rate for regional areas (where applicable) is significantly greater than metropolitan areas.
- For all jurisdictions, FRCs had the highest rates of use when compared with other service types.
- Improvements in the accuracy and completeness of client data will enable the calculation of a target utilisation rate range and future detailed utilisation analysis.
- Contextual factors must be considered in any utilisation analysis to understand the causes of variances and outliers from the target range.

## 4.2 Service location and future demand

### 4.2.1 Existing service catchment areas

Service providers are contracted to provide family law services in a designated service catchment area (also known as Activity Delivery Areas). Current service catchment areas for FLS are based on 2006 ABS Australian Standard Geography Classification (ASGC) boundaries using statistical divisions (SDs), statistical sub divisions (SSDs) and statistical local areas (SLAs). In 2011, the ABS updated its geographical classification areas to Australian Statistical Geography Standards (ASGS). As such, FLS catchment areas are no longer aligned with the updated ABS boundaries in which Census, demographic, economic, health and education data is collected.

Anecdotal evidence collected during the workshops with service providers suggests that catchment areas and service boundaries are treated differently across the jurisdictions. Some providers did not consider that they could operate outside their defined catchment areas, while others reported that up to 10 per cent of their clients lived outside their outlet boundaries.

Providers considered that the process by which an outlet could be moved to a new area based on demographic client need was complicated, and could take a significant period of time. In one instance, a provider stated that it had taken approximately 18 months to gain approval from AGD and DSS to move an outlet to a new location. This provider had gathered information and evidence to support the move prior to the commencement of the process.

There were some concerns among service providers that the catchment boundaries and specified locations of outlets were not providing sufficient flexibility to allow them to service changing demographic need among the client base. Reconsidering the current catchment areas, and the conditions for service provision associated with them, may be an area for future consideration.

#### Key observations

- FLS catchment areas are no longer aligned with the updated ABS boundaries in which Census, demographic, economic, health and education data is collected.

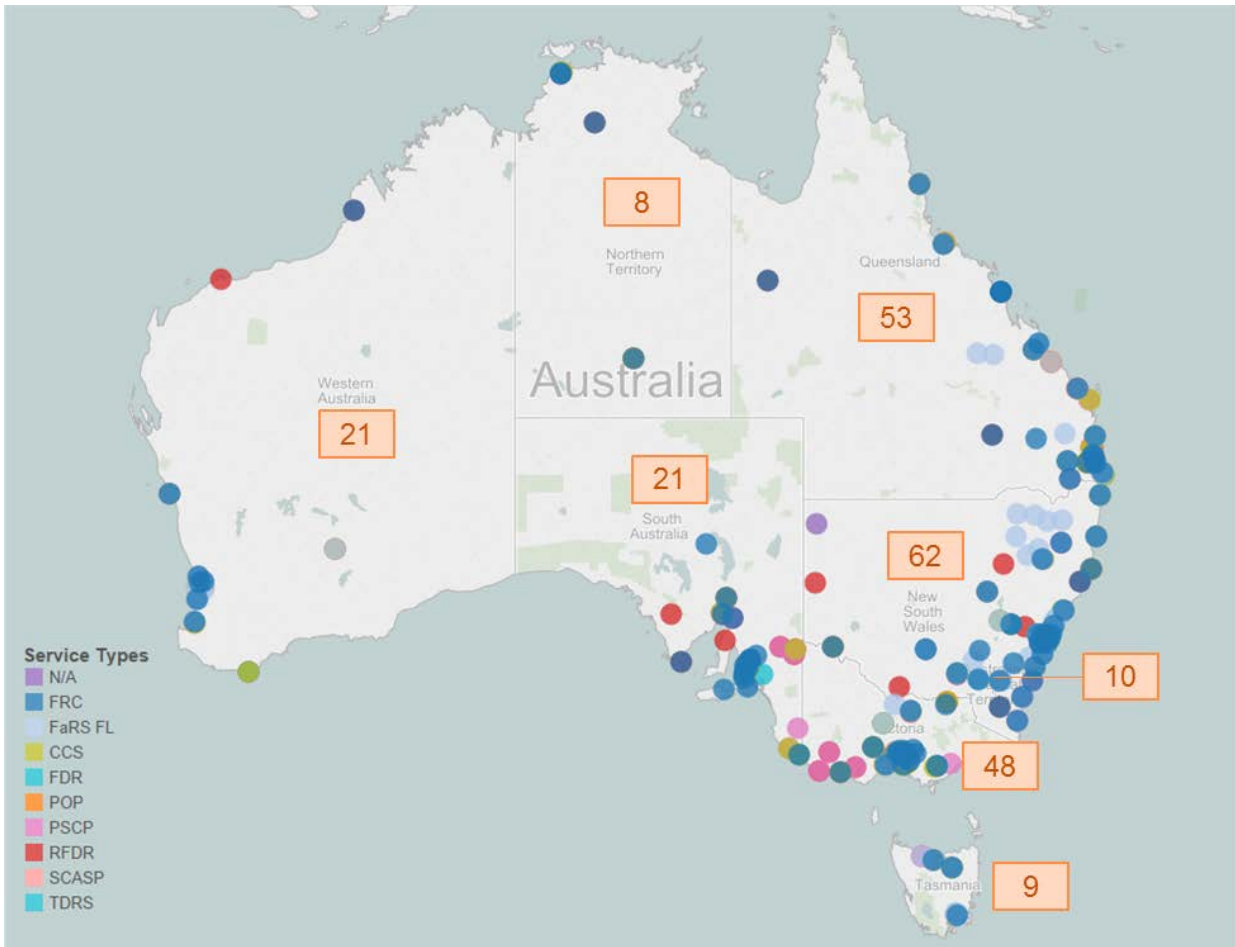
### 4.2.2 Current service location

The interactive Tableau data visualisation model allows users to map the current location of service outlets by service type, and to focus on specific regions and areas. Data can be overlaid with client information highlighting service utilisation rates, and future population projections. This gives an indication of future client numbers in any given LGA.

#### Australia-wide

Figure 15 below was extracted from the Tableau Model and shows the location of all service outlets across Australia, by service type. The total number of outlets in each jurisdiction is provided in the orange boxes. At a high level, outlets tend to be clustered in major metropolitan centres, with regional and rural outlets often concentrated near population centres. There is a high concentration of outlets on the Eastern seaboard.

Figure 15 - Family Law Service Outlet Locations by Service Type



Source: DSS and AGD provided data

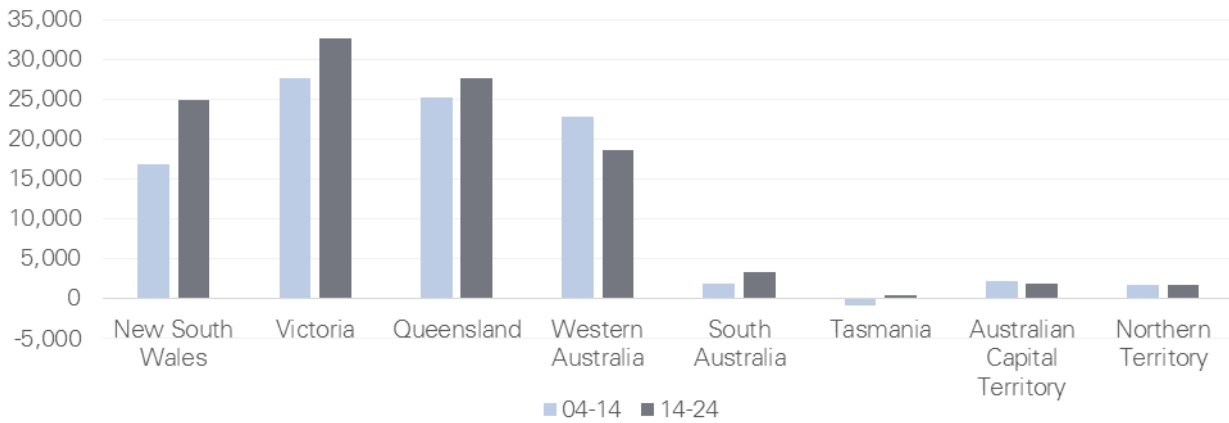
### 4.2.3 Future projected population growth

This section of the report summarises changes in the size and distribution of the core population (aged 25-49 years) by capital city over the decade to 2024. It uses population projections from the eight relevant state agencies rebased on ABS 2014 ERP data according to KPMG Demographics methodology.

Australia comprised 23.5 million residents in 2014. Over the 10 years to 2014, the resident population of Australia increased by close to 356,000 per annum. Over the next decade to 2024, the resident population will increase by over 400,000 per annum and reach 27.5 million by 2024.

For the purpose of this report, we have defined FLS core age group as persons aged 25 to 49. In 2014, there were an estimated 8.2 million Australians aged 25 to 49 years. The chart below shows the average core population growth by jurisdiction over the last 10 years (2004 to 2014) and the next 10 years (2014 to 2024). This analysis shows how the upcoming decade is likely to impact on demand when compared with the last decade. For example, FLS outlets in NSW are likely to be presented with a large increase in cases due to the expected increase of approximately 25,000 people in the core age group over the next ten years when compared to the last decade (which experienced an increase of approximately 17,000 people in the same age group).

Figure 16: 'Last ten, next 10' core age group average annual population change, by jurisdiction



Source: DSS and AGD provided data

It is expected that population growth will occur strongest in metropolitan areas and regional centres. The table below shows the proportion of FLS clients living in various remoteness categories by each state and territory, and also the Australian-wide proportion. A high proportion of clients in Victoria, WA, NT and ACT reside in metropolitan areas, from 68 per cent (Victoria) to 100 per cent (ACT), compared to the Australian-wide population of 59 per cent. Both NSW and QLD had only 53 per cent of their clients residing in metropolitan areas, compared to 47 per cent and 45 per cent in regional areas respectively.

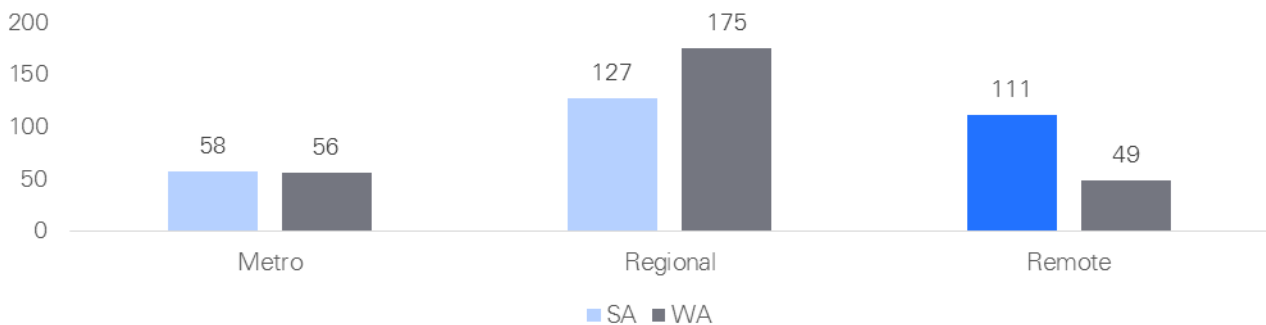
Table 25: Proportion of FLS clients in metro, regional and remote areas by jurisdiction, 2014-15

	NSW	SA	QLD	Vic	WA	ACT	NT	Australia
<b>Metro</b>	53%	61%	53%	68%	70%	100%	72%	<b>59%</b>
<b>Regional</b>	47%	35%	45%	32%	21%	n/a	27%	<b>39%</b>
<b>Remote</b>	1%	4%	1%	n/a	4%	n/a	n/a	<b>2%</b>

Source: DSS provided data

While SA and WA both had 4 per cent of their population living in remote areas, the utilisation rates for these states differ significantly. For example, the utilisation rate for FRCs in SA is 111 clients, compared to WA with only 49 clients per 10,000 residents in remote LGAs in the core age group of the respective states.

Figure 17: Service utilisation rates of FRCs in SA and WA, core age group



This could be attributed to the vast difference in level of remoteness between the states. Remote areas of WA significantly further away from regional and metropolitan areas which could reduce demand for FLS services in regional areas, as compared to SA where FLS services in remote areas, are relatively more accessible.

### Projected population changes in key metropolitan areas

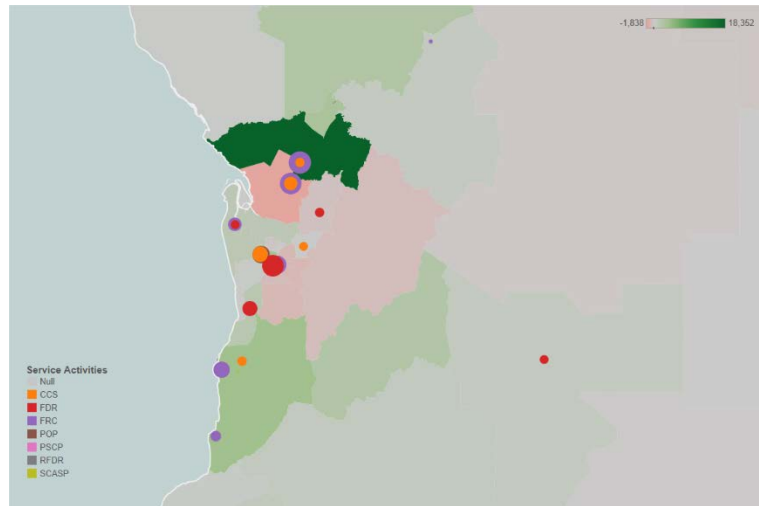
Given that a significant proportion of the population resides in metropolitan areas, a high-level snapshot of the projected population changes in key metropolitan areas across Australia is provided below.

## Adelaide

Greater Adelaide is forecast to experience modest core population growth at 0.7 per cent per annum over the decade to 2024. The rate of core population growth in Adelaide is greatest in the north in the City of Playford. The City of Playford is forecast to add 18,350 core aged residents during 2014 and 2024. The City of Salisbury, which is adjacent to the City of Playford is forecast to lose 1,800 core residents over the decade to 2024.

**Average annual growth rate (core population): 0.8 per cent**

Figure 18: Population growth 2014-2024, Adelaide



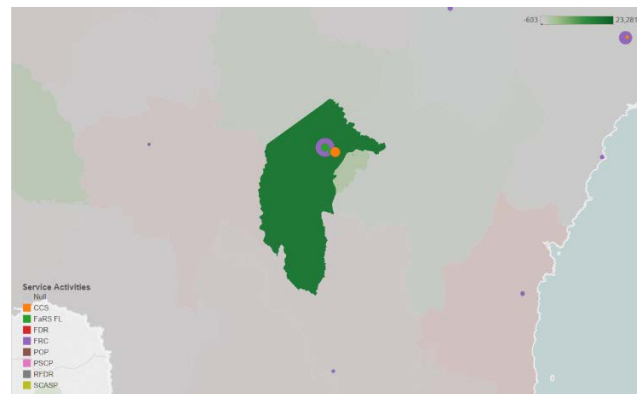
Source: KPMG population projections; DSS supplied data

## Australian Capital Territory

The Australian Capital Territory comprises the area defined as Unincorporated ACT. The core population of the Unincorporated ACT is forecast to increase by 18,500 over the decade to 2024 and this translates to an average increase of 1,850 per annum or an average annual rate of 1.2 per cent.

**Average annual growth rate (core population): 1.3 per cent**

Figure 19: Population growth 2014-2024, ACT



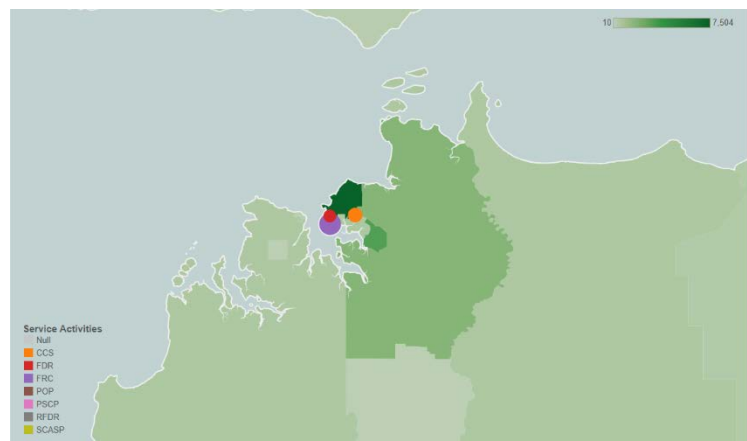
Source: KPMG population projections; DSS supplied data

## Darwin

Darwin comprised a core population of 58,000 residents in 2014 and is forecast to add 1,200 core population residents per annum over the decade to 2024. As illustrated below, the fastest growing municipality is the City of Darwin.

**Average annual growth rate (core population): 2.2 per cent**

Figure 20: Population growth 2014-2024, Darwin



Source: KPMG population projections; DSS supplied data

## Melbourne

Greater Melbourne is adding more core population residents when compared with all other capital cities in Australia. During the upcoming decade to 2024, there will be an additional 286,000 core residents added to metropolitan Melbourne.

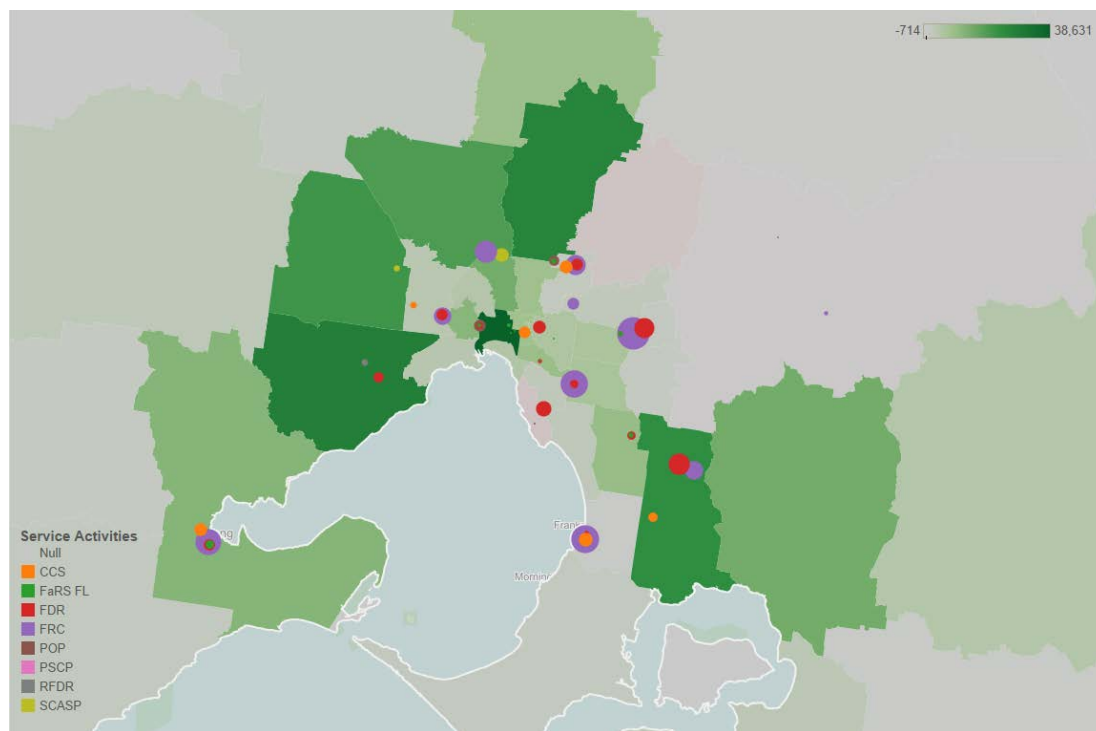
Melbourne's resident population growth is shifting to the Northwest. The Western Ring Road, the Deer Park Bypass and the existence of affordable family housing within 30 kilometres of the CBD at Caroline Springs

opened up the West to large-scale urban growth. The fastest growing municipalities in the Northwest include Melton, Hume, Wyndham and Whittlesea. The core population of these four municipalities is forecast to increase by a combined total of 95,000 over the decade to 2024. This represents significant growth and this likely to lead to an increase in the demand for FLS services.

The location of Melbourne FLS outlets are mapped below and this maps illustrates that there are few outlets currently servicing the Northwest suburbs of Melbourne. Significant core population growth in the outer Northwest suburbs of Melbourne is likely to put pressure on the existing network of FLS outlets in the Northwest.

**Average annual growth rate (core population): 1.7 per cent**

Figure 21: Population growth 2014-2024, Melbourne



Source: KPMG population projections; DSS supplied data

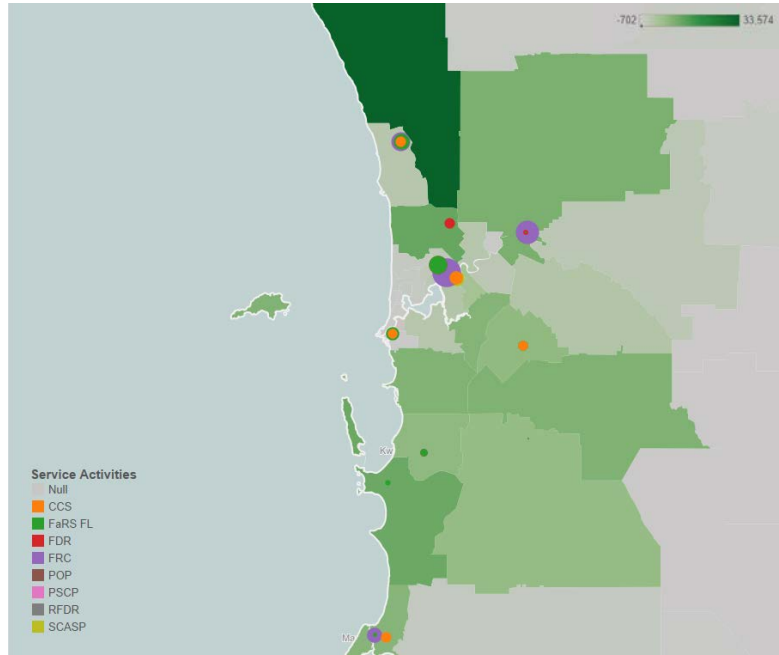


*Perth*

Over the decade to 2014, Western Australia was the fastest growing state in Australia with the core population increasing at an average annual rate of 2.8 per cent. The core resident population growth rate is forecast to decline to an average rate of 1.8 per cent for the upcoming decade, representing an average increase of almost 19,000 core residents per annum for the state. It is forecast that most of the core population growth will be generated by growth in Perth and in particular, in the northern outer suburbs around Wanneroo. Data extracted from the Tableau Model shows that the City of Wanneroo is forecast to increase by 33,754 core residents over the decade to 2024.

**Average annual growth rate (core population): 2.4 per cent**

Figure 22: Population growth 2014-2024, Perth



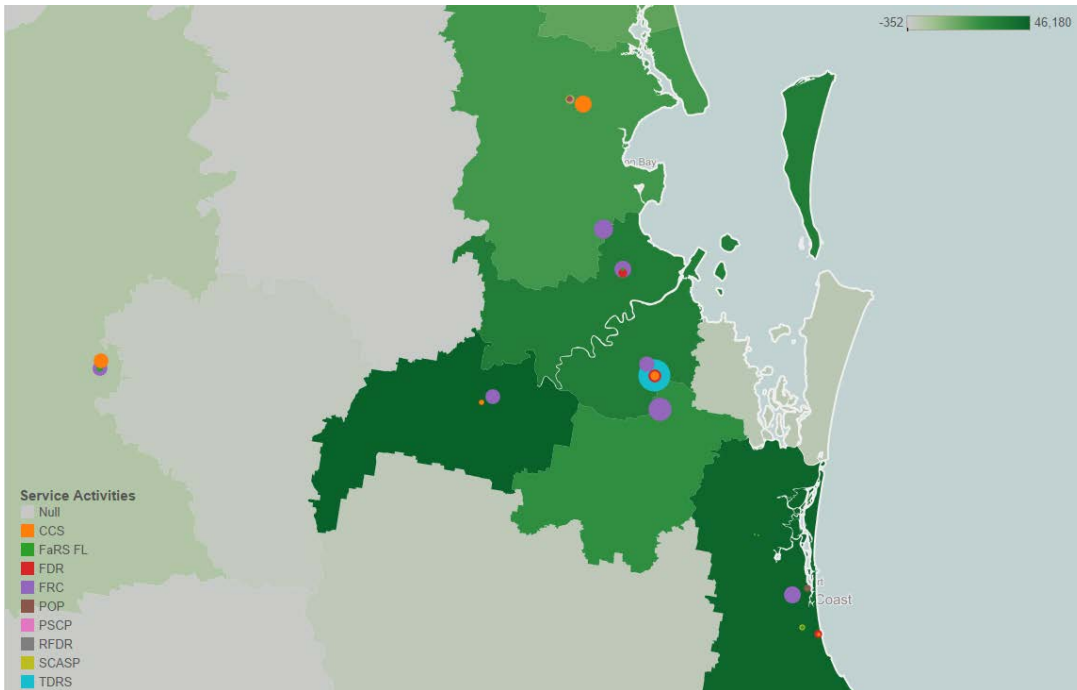
Source: KPMG population projections; DSS supplied data

*South East Queensland (including Brisbane)*

South East Queensland includes Greater Brisbane, the Gold Coast and the Sunshine Coast. The screenshot from the Tableau Model below shows the distribution of core population growth across South-East Queensland. Data extracted from the Tableau Model shows that the City of the Gold Coast is forecast to add 44,540 core residents and the City of Ipswich is forecast to add 46,000 core residents over the decade to 2024. The greatest core population growth is expected in the City of the Gold Coast and the City of Ipswich. Much of South-East Queensland will, however, experience core population growth over the decade to 2024. Greater Brisbane will continue to add an average of 16,000 core population residents per annum over the decade to 2024.

**Average annual growth rate (core population): 1.8 per cent**

Figure 23: Population growth 2014-2024, Brisbane

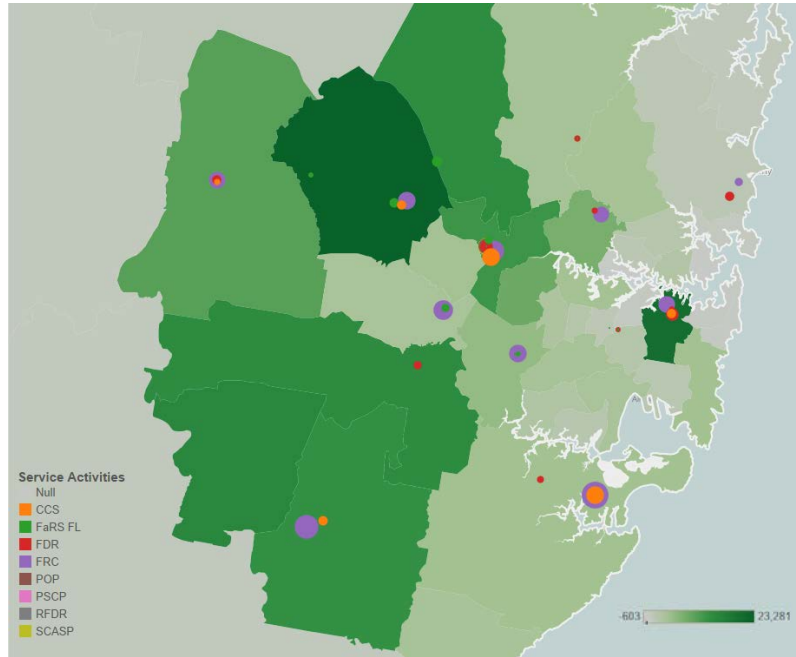


Source: KPMG population projections; DSS supplied data

## Sydney

Greater Sydney comprised an estimated core population of 1.8 million in 2014 and this compares with a total population of 4.9 million. The core population of Sydney is forecast to increase at an average rate of 1.2 per cent over the decade to 2024. As illustrated to the right, Sydney's core population growth is concentrated around the outer western suburbs of Blacktown, Penrith, Liverpool and Camden. The core population of Blacktown is forecast to increase by 23,000 over the decade to 2024. The core population in Blacktown comprises a large proportion of families who underpin the demand for FLS.

Figure 24: Population growth 2014-2024, Sydney



Source: KPMG population projections; DSS supplied data

The core population of the City of Sydney is also forecast to increase significantly. The Sydney CBD, however, comprises a high representation of persons aged 25-49 years without children. These people are less likely to present themselves at FLS outlets.

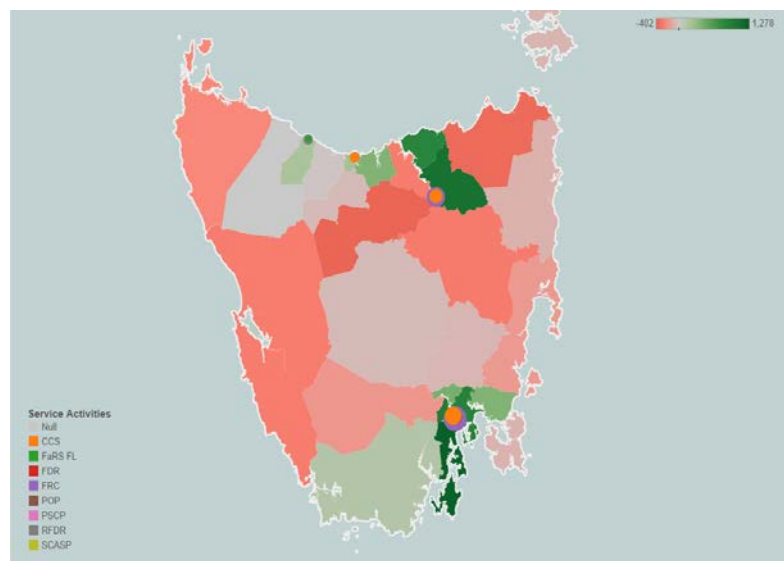
**Average annual growth rate (core population):** 1.3 per cent

## Tasmania

As highlighted in the chart below, the core resident population of Tasmania declined over the decade to 2014 by an average of 800 per annum. Over the next 10 years, the core resident population of Tasmania is forecast to increase by an average of 400 per annum. This translates to an average annual growth rate of 0.3 per cent. The core resident population growth rate is 0.4 percentage points below the total population growth rate of 0.7 per cent over the decade to 2014. This analysis shows that population growth in Tasmania is skewed towards the mature age groups.

The thematic map below shows the distribution of core population growth between 2014 and 2024. As illustrated below, the focus of Tasmania's core population growth over the decade to 2024 will be in Hobart and Launceston. There are six LGAs clustered around Hobart that are experiencing core population growth at an average rate of 0.6 per cent per annum. This compares with the state average of 0.3 per cent per annum. Data extracted from the Tableau Model shows that the core population of these six LGAs combined will increase in excess of 4,000 over the decade to 2024.

Figure 25: Population growth 2014-2024, Tasmania



Source: KPMG population projections; DSS supplied data

**Average annual growth rate (core population):** 0.6 per cent

## Tableau Model

The Tableau Model is intended to be used to extract service location and future demand information by jurisdiction and LGA. The model also includes demographic information relating to clients and age, SEIFA and ATSI status for the resident population and service utilisation.

The Tableau Model developed for AGD includes 10 dashboards, including 'Last ten, Next ten' core population data by LGA. This provides granular insight into how changes in resident population will impact on demand for services. As such, this report has not sought to replicate analysis which can be drawn from using the Tableau Model in an interactive manner.

Each of the model's dashboards are described below:

Dashboard type	Dashboard name	Dashboard description
<b>Resident population</b>	DB 2014	<ul style="list-style-type: none"> <li>Current 2014 distribution of resident population by LGA</li> </ul>
	DB 2024	<ul style="list-style-type: none"> <li>Projected 2024 distribution of resident population by LGA</li> </ul>
	DB 2014-24	<ul style="list-style-type: none"> <li>Projected net change of population per LGA from 2014 to 2024</li> </ul>
<b>FLS registered clients</b>	DB Clients 2014	<ul style="list-style-type: none"> <li>Number of registered FLS clients per LGA in 2014</li> </ul>
	DB Clients 2024	<ul style="list-style-type: none"> <li>Number of projected registered FLS clients per LGA in 2024 (assuming that the ratio FLS clients to population aged 25-49 stays constant over time for each LGA)</li> </ul>
	DB Clients 14-24	<ul style="list-style-type: none"> <li>Projected growth in registered FLS clients per LGA from 2014 to 2024</li> </ul>
	DB Clients 10k res	<ul style="list-style-type: none"> <li>Utilisation of services by LGA (Number of registered FLS clients per 10,000 residents aged 25 to 49 in 2014)</li> </ul>
<b>Specialist dashboards</b>	DB SEIFA	<ul style="list-style-type: none"> <li>Index of socio-economic advantage and disadvantage by LGA as of Census 2011</li> </ul>
	DB ATSI	<ul style="list-style-type: none"> <li>Number of residents per LGA identifying as ATSI as of Census 2011</li> </ul>
	DB Pop	<ul style="list-style-type: none"> <li>Summary dashboard of 2014 population by remoteness (metro, regional and remote)</li> </ul>

A Tableau user guide has been prepared to explain what each of the 10 dashboards show and the questions they can assist to answer. This is provided in Appendix 3.

## Example Case Study - Victoria

A case study of the information that can be extracted from the Tableau Model relating to Victoria is provided below, with accompanying analysis.

Figure 26 - Number of Clients per LGA (2014)

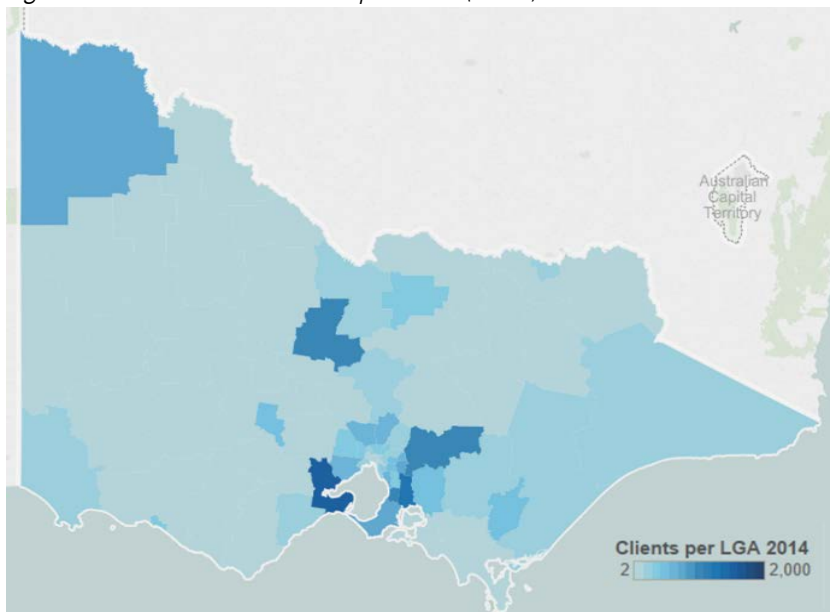


Figure 26 maps the number of registered clients per LGA across Victoria. Considered with Table 26, this highlights that compared to the Australian average, a very large share of Victorian FLS clients reside in metropolitan areas. This points to a relatively high level of demand for FLS in metropolitan areas of Victoria.

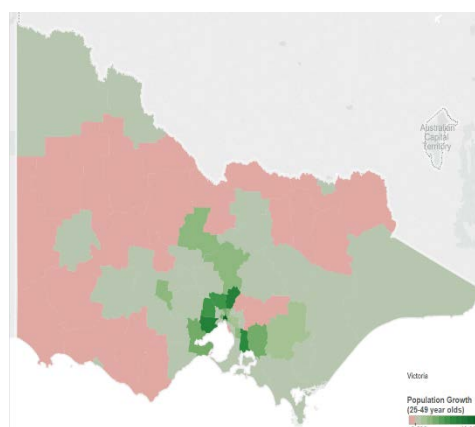
Source: DSS supplied data

Table 26 - Percentage of Metro, Regional and Rural Clients

	NSW	SA	QLD	Vic	Australia
<b>Metro</b>	53%	61%	53%	<b>68%</b>	59%
<b>Regional</b>	47%	35%	45%	<b>32%</b>	39%
<b>Remote</b>	1%	4%	1%	<b>n/a</b>	2%

Figure 27 maps the future population growth to 2024 for 25-49 year olds per LGA in Victoria. It highlights that the largest population growth in the core age group will occur in inner Melbourne and Melbourne’s Northwest with more moderate growth occurring in Eastern regional Victoria. In the same period, some regional LGAs are expected to experience a decline in population, with a corresponding decline in client numbers in these LGAs.

Figure 27 - Population growth from 2014-2024 (core age group), per LGA



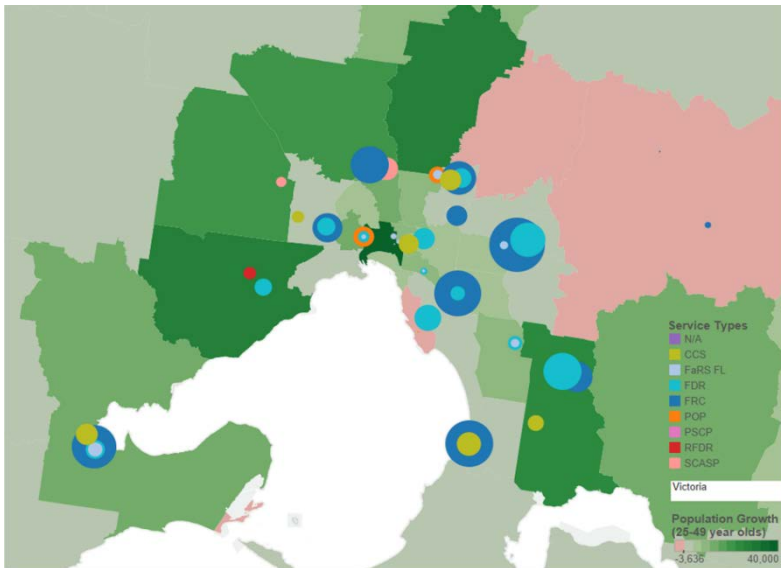
Source: KPMG population projections

Figure 28 outlines predicted population growth for the core age group in Greater Melbourne, overlaid with the current location of service outlets. The size of the ‘bubble’ representing each outlet is indicative of the number of registered clients at that outlet. Currently, FLS outlets are more densely located in the East of Melbourne than in the West.

While there appears to be adequate coverage of service outlets in the South-Eastern corridor, service outlets in the North-West quadrant may not be adequately servicing the Greater Melbourne fringe.

The ageing suburbs of Melbourne are not expected to experience significant population growth in the core age group. On the basis of this analysis, there may be cause to relocate some Melbourne service outlets to the West in the future.

Figure 28 - Population growth from 2014-2024 (core age group), per LGA in Greater Melbourne, with service outlets



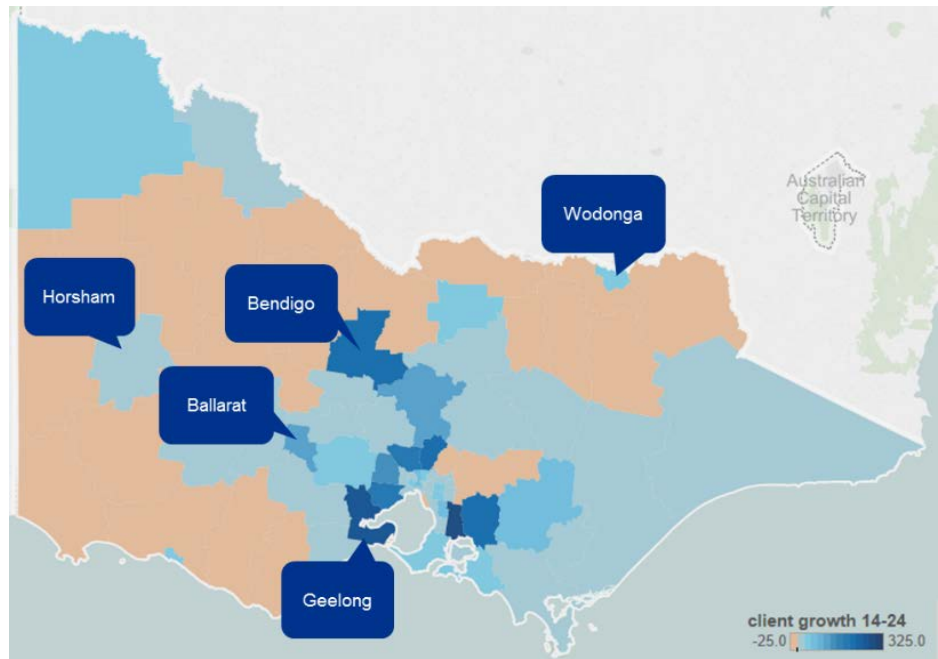
Source: KPMG population projections; DSS supplied data

Considering Victoria as a whole, population growth in the core age group of 25-49 year olds is strongest in metropolitan areas, relatively strong in regional centres and weak in rural and remote areas. Changes in client numbers are expected to follow these population trends, as mapped in Figure 29. Figure 29 shows the additional number of clients expected for each LGA in Victoria based on straight population growth in the core age group, with major growth LGAs named.

Since many regional LGAs in Victoria will experience negative population growth in the core age group of 25 to 49 year olds, client numbers in these areas are expected to fall accordingly. This is especially the case for the Western regional LGAs of Victoria surrounding Horsham.

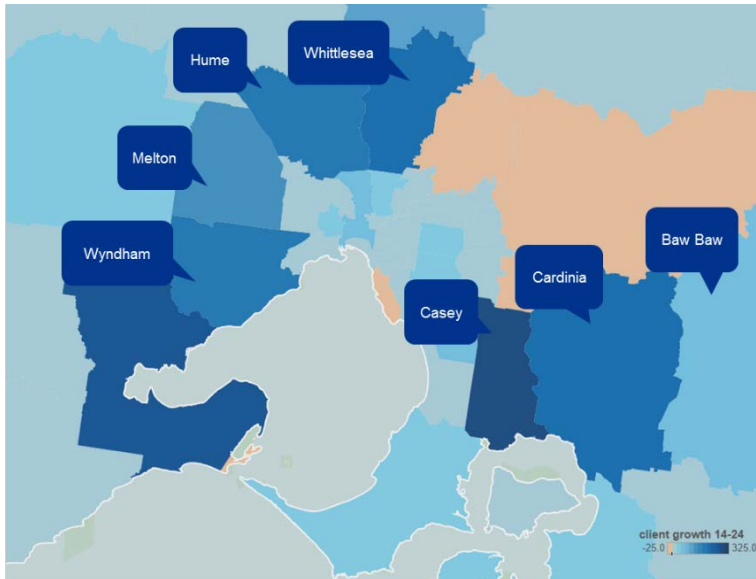
The regional centres of Geelong, Bendigo and Ballarat are likely to see a rise in Family Law clients by 2024.

Figure 29 - Growth in client numbers per LGA from 2014 to 2024 - Victoria wide



Source: KPMG population projections; DSS supplied data

Figure 30 - Growth in client numbers per LGA from 2014-2024 - Greater Melbourne



Source: KPMG population projections; DSS supplied data

Figure 30 maps projected growth in client numbers per LGA from 2014-2024 for Greater Melbourne. Growth in client numbers is expected to be consistent with population growth in Inner Melbourne, Melbourne’s West and North and the South-Eastern corridor.

The largest proportion of client growth can be expected in the North Western LGAs of Greater Melbourne of Wyndham, Melton, Hume and Whittlesea. These LGAs are expected to be populated by young families, often first home buyers unable to afford high house prices in or close to Melbourne’s more expensive inner suburbs. These young families are in the age group who are more likely to access family law services.

Another expected growth corridor is in Melbourne’s East from Casey through Cardinia to Baw Baw. Like the North Western growth corridor, there are expected to be a higher proportion of young families purchasing more affordable properties within commuting distance to the inner suburbs of Melbourne.

#### 4.2.4 Future service distribution and location analysis

Using the Tableau Model to dynamically assess each of the other states and territories will allow AGD to overlay service outlets across future population projections, future projected client numbers and concentrate on specific age groups in each area of interest. For example, when considering the SCaSP, outlets related to this program can be mapped against population projections in the 1-17 age group.

Improved data quality and mapping of FLS catchments to current ABS areas is required before detailed service distribution and location analysis can be undertaken in a meaningful way. Improvements to the accuracy and completeness of FLS client data, coupled with a potential realignment of catchment areas to be more comparable to ABS areas, will enable AGD and service providers to have a more robust evidence-base from which to undertake detailed service distribution analysis. As described above, the availability of more current Census data in 2017 will further enhance the determination of an optimal distribution of FLS across jurisdictions.

Undertaking these activities is a crucial step in ensuring a more data and evidence-driven approach to decision making.

##### Key observations

- The Tableau Model provides an interactive form of analysis to assess current and future demand for FLS services by LGA.
- It is expected that population growth will occur strongest in metropolitan areas and regional centres. A high proportion of clients in Victoria, WA, NT and ACT reside in metropolitan areas, from 68 per cent (Victoria) to 100 per cent (ACT), compared to the Australian-wide population of 59 per cent.
- Improved data quality and mapping of FLS catchments to current ABS areas is required before detailed service distribution and location analysis can be undertaken in a meaningful way.

Table 27 - Key observations, service location and distribution

Key observation	Option for improvement	Option category	Reference
There are issues with the accuracy and completeness of current client data	<b>Improve integrity and consistency of client data collected</b>	Location and distribution	A1
There are outliers present in the DSS data which could indicate an irregularity in data collection methodology	<b>Undertake further analysis of outliers in the data</b>	Location and distribution	A2
Contextual factors and local context must be considered to understand the optimal location and distribution	<b>Sharing of the Tableau Model with service providers</b>	Service delivery	C3
FLS catchment areas are no longer aligned with ABS geographical areas	<b>Realign contract catchment areas to ABS geographical classification areas</b>	Location and distribution	A3
A number of pre-requisites (including A1 and A2) are required in order to undertake detailed service distribution and location analysis	<b>Complete detailed service distribution and location analysis</b>	Location and distribution	A4

# 5 Options for change

A range of options for change are provided below, specifically related to location and distribution, service collaboration, use of technology and future funding models.

## 5.1 Criteria

This report will contribute to decision making about the future of the Family Law Services and the best way to ensure the services continue to meet the needs of Australians in an efficient, accessible, ongoing and cost-effective way. For the purposes of this report, KPMG considers that services can be defined as sustainable into the future when they meet two essential characteristics: they are both adaptable and affordable.

Expanding on this, criteria has been developed by AGD and KPMG to assess the options for change. These are outlined in Table 28 below.

*Table 28 - Criteria for assessing factors, considerations and options for change*

Criteria	Description
<b>Promotes access to justice</b>	Resources are directed to key vulnerable groups who are least able to purchase services. There is equity across the jurisdictions in allocation of funds.
<b>Future focused</b>	Improves ability assess and plan for changes and future risks. Service design and structure takes into account evidence on future demand and risks. Services are geographically based where there is a need for services.
<b>Adaptive</b>	At the organisational level, program level and service level, structures are in place that allow enough flexibility to be able to respond to evolving and local needs and allow for continuous adaptation.
<b>Innovative</b>	Service delivery design allows innovation to occur and draws on emerging technological solutions.
<b>Outcomes focused</b>	Services oriented to client outcomes and take into account the needs of vulnerable groups, and clients with complex needs.
<b>Sustainable and efficient</b>	Service design takes into account future demand, projected client complexity and the best use of resources to meet client need.

Future options for FLS are provided in section 5.2 and qualitatively assessed against the criteria above.



## 5.2 Future options

In consultation with AGD, KPMG has outlined a number of future options for AGD to consider in relation to the future focus of FLS. This section sets out these considerations in the three categories below:

Location and distribution	Service collaboration	Alternative service delivery
<b>A1</b> Improve integrity and consistency of client data collected	<b>B1</b> Support for ATSI mediation models	<b>C1</b> Enhanced use of technology
<b>A2</b> Undertake further analysis of outliers in the data	<b>B2</b> Funding of pilot programs to support collaboration	<b>C2</b> Increased use of TDRS
<b>A3</b> Realign contract catchment areas to ABS geographical classification areas	<b>B3</b> Encouraging efficient client pathways	<b>C3</b> Sharing of Tableau software with service providers
<b>A4</b> Complete detailed service distribution and location analysis	<b>B4</b> Greater collaboration with the courts on children's contact orders	<b>C4</b> Merging of service types
	<b>B5</b> Greater collaboration with child protection services and the legal sector	

Considerations for future funding models are outlined in section 5.3.

Funding models	
<b>D1</b>	Adjusted demographic distribution
<b>D2</b>	Outcomes based funding
<b>D3</b>	Redesign of the market using funding packages

The subsequent pages of this report set out each option, including details of potential 'quick wins' for AGD, which may assist it to improve FLS in the next 1-3 years. These options have also been assessed against the criteria outlined above.

## A1 Improve data integrity and consistency

### Overview

Improve data definitions and collection methodology to enhance the accuracy and consistency of data collected by service providers. This would include specific definition fields and regulated data collection timeframes built into contracts.

There is a wide variation in data collection practices among service providers, resulting in inconsistent data sets which are not sufficiently robust for comparison across providers, jurisdictions and service types. This includes issues regarding the number of unique registered versus unregistered clients, location of service outlets and demographic characteristics of clients. Wherever possible, providers should continue to encourage clients to register and provide demographic information prior to receiving services. The model in WA is considered to be particularly effective, where clients are all but required to register. AGD and DSS can provide further support to this by clarifying privacy legislation and the process by which data is de-identified.

### Immediate next steps ('quick wins')

- AGD/DSS to clarify changes to data sharing legislation, allowing providers to make any relevant queries and respond promptly. Guidance could be provided online or distributed through State and Territory Managers in the form of a fact sheet or brochure
- Develop a data framework, data definitions and regular collection and dissemination check points
  - Limit the number of free text responses to intake questions, setting specific (and, where possible, electronic) fields for responses
  - Align questions and possible responses to ABS ranges and data definitions to allow direct comparison of FLS cohort to the broader Australian population (i.e. when considering education, language proficiency, income, family structures, marital status and others) to draw more definitive conclusions from the data
- AGD/DSS to release aggregate data to service providers at specified intervals to allow them to undertake a more rigorous analysis of the capacity and client base of nearby providers, and to assist them to determine how their clients may benefit from referrals to those services

### Longer term considerations

- Consider collecting qualitative information from clients regarding travel patterns and reasons for using a particular outlet location (e.g. through an AGD administered survey / data collection field in client data collected from service providers)
- AGD/DSS to commit to working closely with each other, and with service providers, to continue to lower the number of unregistered clients
  - Specific concentration on at-risk cohorts (i.e. ATSI) is recommended, in order to supply providers and agencies with better visibility on the needs and indicators associated with cohorts, and reach a more robust conclusion on whether they are over or under-represented
- Collection and analysis of data could be used to inform the next round of contract negotiations, and any modification to catchment areas

### Assessment against criteria

Promotes access to justice	High alignment
Future focused	High alignment
Adaptive	Moderate alignment
Innovative	Moderate alignment
Outcomes focused	Moderate alignment
Sustainable and efficient	High alignment

## A2 Undertake further analysis of outliers in the data

### Overview

The data limitations and variability in service provision across providers and service types has meant it was not possible to calculate an accurate target utilisation rate using existing FLS data. As a result, the analysis based on utilisation rates is only able to provide indicative areas of difference between jurisdictions and services for further consideration.

The service utilisation rates of services in Tasmania, NSW and WA vary widely from the Australian average and other jurisdictions. Due to data limitations, it is not known whether these outliers have been caused by issues with data collection, differences in service delivery, geographical factors or other causes. These three outlier jurisdictions in particular are worth further exploring through discussions with peak bodies, DSS Grant Managers and service providers in these jurisdictions to understand the causes for these results.

Similarly, the Tableau Model will allow for analysis of more specific LGA utilisation outlier rates for each jurisdiction, segmented by service type.

### Immediate next steps ('quick wins')

- For Tasmania, WA and NSW – identify which LGAs have particularly high or low utilisation rates through the Tableau Model (using (dashboard name: DB clients 10k res), in particular for the most used services (FRC, CCS, FDR and RDFR)
- Using Tableau, identify other outlier LGAs in each jurisdiction
- Supplement quantitative utilisation data analysis with qualitative information from peak bodies, DSS Grant Managers and service providers regarding potential causes for higher or lower utilisation in the specific geographical areas of interest, ideally at the LGA or catchment area level
  - For example, regional LGAs have higher utilisation of services to metropolitan areas, but this may be acceptable due to travel distance to other services

### Longer term considerations

- As the quality of client data collected improves and becomes more reliable, a target utilisation rate range for each service and by remoteness (metro, regional and remote) could be developed
- LGAs (or service catchment areas if they are realigned with SA2s) with variances from this target range can be identified and examined in more detail to understand the causes of the variances and whether there is a pattern across services, providers or geographies

### Assessment against criteria

Promotes access to justice	High alignment
Future focused	High alignment
Adaptive	Moderate alignment
Innovative	Moderate alignment
Outcomes focused	High alignment
Sustainable and efficient	High alignment

## A3 Realign contract catchment areas to ABS geographical classification areas

### Overview

Current funding contract catchment areas are based on old 2006 Statistical Local Area boundaries which do not match the current ABS boundary classification system (under which the ABS collects its data). If catchment areas are realigned to groupings of current SA2s, this will improve the level of accuracy of demographic, economic, health and education information for each catchment area and the ability to make direct comparisons of cohorts, resulting in better evidence-based decision making.

Ideally, the groupings of SA2s to form a catchment area would combine historical FLS boundaries with analysis of the identified need and demographic characteristics of the SA2s. For example, smaller catchment areas of SA2s may be required where there is expected to be high demand in the SA2s due to the high proportion of families in the area or other reasons. Similarly, AGD may consider merging catchment areas where there is a maturing population and therefore less expected demand for family law services.

### Immediate next steps ('quick wins')

- Develop map of the existing 2006 catchment areas and assess level of discrepancy with current ABS SA2 areas
- Rebuild current funding contract catchment areas using SA2 areas to closest fit
- Examine catchment areas which include SA2 areas with large expected change in population over the 10 year period (both positive and negative growth) and identify opportunities to merge or separate SA2s, as appropriate
- Redraw catchment areas based on groupings of SA2 areas and negotiate future funding contracts (or amend current contracts) on this basis
- Encourage DSS Grant Managers to continue to monitor demographic changes in their region

### Longer term considerations

- Along with the opportunity to combine service types, consider funding service providers with specialist skills (e.g. in engaging with ATSI clients) to provide services in multiple catchment areas with a high proportion of ATSI clients to maximise economies of scale and specialist knowledge
- Consider using the realignment of catchment areas as a method of encouraging greater collaboration across service providers, such as by merging catchment areas

### Assessment against criteria

Promotes access to justice	High alignment
Future focused	High alignment
Adaptive	High alignment
Innovative	Moderate alignment
Outcomes focused	High alignment
Sustainable and efficient	High alignment

## A4 Complete detailed service distribution and location analysis

### Overview

Given the current data limitations and the lack of recent census data, there is an opportunity for detailed service distribution and location analysis to be undertaken once the next Census update has been released in 2017. This allows AGD, DSS and service providers approximately 18 months to commence implementation of options A1 and A2 to improve the quality of FLS client data collected.

The realignment of catchment areas to current ABS geographical classifications will also improve the robustness of any demographic analysis and comparisons of FLS clients to the broader Australian population. It will also enable more conclusive analysis regarding the needs of FLS clients and expected demand in the future in the new catchment areas.

### Immediate next steps ('quick wins')

- Using existing analysis of metropolitan areas which are likely to experience strong changes in population (including the analysis in Chapter 4 and the Tableau Model), AGD can commence discussions with relevant service providers servicing particularly high pressure areas, such as Wyndham in Victoria, to identify opportunities for service relocation or improved outreach

### Longer term considerations

- Once A1 and A2 are implemented and the 2017 Census is released, undertake detailed service distribution and location analysis, by:
  - updating the Tableau Model with service outlet locations, FLS registered client data and population projections as at 2017
  - refreshing the demographic driver analysis to understand the drivers of demand (currently only age) by catchment area, and including other drivers not yet examined due to data constraints, such as FLS client data regarding family structures compared to ABS Census data
  - developing a target utilisation rate range for each service and by remoteness (metro, regional and remote)
  - identifying catchment areas with utilisation rates above or below this target range, and consulting with service providers in those areas to understand the causes of the variances and whether there are any patterns in these causes
  - working with service providers in the catchment areas likely to experience the greatest change in demand, or those with variances from the target range, to identify options for relocation or service delivery changes (such as increasing the use of online engagement)
- Once A3 is completed in the lead up to the next funding period, future distribution analysis can use the new realigned catchment areas to further improve the analysis of expected demand and subsequent optimal distribution and location of services

### Assessment against criteria

Promotes access to justice	High alignment
Future focused	High alignment
Adaptive	High alignment
Innovative	High alignment
Outcomes focused	High alignment
Sustainable and efficient	High alignment

## B1 Support for ATSI mediation models

### Overview

Research has consistently identified that traditional mediation models may not be accessible or culturally appropriate for ATSI clients. AGD could take steps to collect information from providers across Australia regarding their ATSI engagement models and circulate these to other providers. Information circulated would cover model development, and highlight aspects which are tailored to meet specific community requirements, and factors for success in their implementation.

Consultation with service providers and DSS Grant Managers indicated that a number of providers have developed bespoke ATSI engagement and mediation models relevant to their particular area. There were similarities in the development of each of these models, all of which involved extensive community consultation and a highly collaborative approach. Further details on these case studies can be found in the SCF, provided as an appendix to this report.

### Immediate next steps ('quick wins')

- DSS Grant Managers to collect ATSI mediation models from providers who have developed them
- With provider permission, these models to be circulated to other providers
  - AGD/DSS may wish to consider using case studies in the SCF as a guideline and/or starting point for gathering further information
- AGD to undertake analysis of the key success factors associated with ATSI mediation models that are already in place
  - Suggested success factors include the appropriate use of Aboriginal Liaison Officers (ALOs), use of consultants with an ATSI background and a long term approach that socialises early versions of the model with local ATSI communities for both initial and ongoing feedback
- AGD to provide support to providers developing ATSI mediation models in the form of a dedicated contact person in the Department who has in depth knowledge of the current successful models

### Longer term considerations

- Consider extra funding for ALOs as enablers for successful ATSI mediation models
- Consider providing formalised training or make available AGD and DSS resources who can liaise with providers to provide guidance on the development of their own models
- Consider commissioning further research into how FLS can better engage ATSI communities, and/or the success factors inherent in the current mediation models

### Assessment against criteria

Promotes access to justice	High alignment
Future focused	Moderate alignment
Adaptive	High alignment
Innovative	High alignment
Outcomes focused	High alignment
Sustainable and efficient	High alignment

## B2 Funding of pilot programs to support collaboration

### Overview

In recent years, a number of pilot programs have been funded by AGD designed to enhance collaboration amongst providers. Among these, the Coordinated Family Dispute Resolution (CFDR) pilot was established in five states as a model to resolve parenting disputes where there has been a history of past and/or present incidences of family violence. The model was discontinued. Providers indicated during consultation, however, that the program fostered positive working relationships between FLS providers and other socio-legal services, which continues to benefit clients into the future.

Pilot programs allow funding agencies to trial an innovative idea or program on a small scale in order to test its viability for widespread implementation. With the majority of FLS funding provided to 10 organisations, this presents an opportunity for AGD to fund pilot programs across a relatively small number of providers, while still trialling the program in a proportionally large segment of the market.

### Immediate next steps ('quick wins')

- Prioritise the nature of desired service collaboration, i.e. whether there are key agencies or socio-legal services with whom collaboration is particularly desired (i.e. courts, child protection services, domestic violence services)
  - In doing so, consider the trends and demographic demand drivers set out in sections 3.1.6 and 4.1.1
- Undertake further consultation with service providers to assist in determining appropriate potential future pilot programs encouraging collaboration with those identified agencies and/or socio-legal services
- Encourage all providers to consult with the SCF for examples of best practice collaboration with a range of alternate services, emphasising the benefits of utilising the contact details on each case study to seek further information

### Longer term considerations

- Consider funding a revised version of the Coordinated Family Dispute Resolution pilot, addressing concerns from the previous report and incorporating further feedback from service providers
- Consider funding additional pilot programs making use of public interest in, and additional funding for, domestic violence services, and how they can better interact with FLS
- Consider how pilot programs may interact with other pilot initiatives for at-risk cohorts, i.e. 'Closing the Gap' initiatives for ATSI clients
- Consider the funding of additional pilot programs responding to concerns identified in earlier consultation with service providers, or departmental priorities

### Assessment against criteria

Promotes access to justice	High alignment
Future focused	High alignment
Adaptive	Low alignment
Innovative	High alignment
Outcomes focused	High alignment
Sustainable and efficient	Moderate alignment

## B3 Encouraging efficient client pathways

### Overview

The socio-legal sector can present difficulties for clients and providers in determining the most efficient pathway through the system. Encouraging and facilitating efficient client pathways will increase efficiency system wide. Concerns have been noted in previous research and by service providers that the FLS system can sometimes be difficult for clients to navigate effectively.

It was noted during workshops that larger service providers, funded to deliver numerous FLS and/or other state or federally funded socio-legal programs, may have a greater capacity to facilitate efficient client referrals. Similar conditions appear to be present in consortia arrangements that bring together a blended mix of services. These arrangements assist service providers in navigating privacy legislation and create an environment that is potentially more conducive to integrated case management and the provision of wrap around care. Where possible, these environments could be replicated across the wider family law system.

### Immediate next steps ('quick wins')

- Allow providers an opportunity to raise concerns or queries with regard to data sharing and privacy legislation, and provide a forum where these are addressed as soon as practicable
- Undertake further research into the operation of consortia with data sharing and referral arrangements to determine enabling factors in efficient client pathways in context
- Consider the implications of the Family Law Council interim report on the response to the first two terms of reference on Families with Complex Needs and the Intersection of the Family Law and Child Protection Systems, noting the areas of legislation considered prohibitive by stakeholders
- Encourage all providers to consult with the SCF for examples of efficient client pathways and how these have been achieved (i.e. through effective triage and the forming of close relationships with complementary services), emphasising the benefits of utilising the contact details on each case study to seek further information

### Longer term considerations

- Consider the review/amendment of data sharing and privacy legislation and amend to facilitate more efficient referrals across family law and socio legal providers
- Consider the potential benefits of incentivising funding for larger providers or consortia (with data sharing and referral arrangements) in the next funding round
- Consider ways in which referrals between providers could be facilitated by AGD (i.e. by setting guidelines and standardising practice and the degree to which data can be passed on without breaching legislation)
- Consider mechanisms to incentivise/reward where better outcomes are achieved through more efficient client pathways

### Assessment against criteria

Promotes access to justice	High alignment
Future focused	Moderate alignment
Adaptive	High alignment
Innovative	Moderate alignment
Outcomes focused	High alignment
Sustainable and efficient	High alignment



## B4 Greater collaboration with the courts on children's contact orders

### Overview

Providers in Western Australia have adopted a model of collaboration with the WA Family Court that aims to reduce the high wait times associated with Children's Contact Services, an issue that was identified in jurisdictions Australia-wide. There are concerns that the high wait times (up to 6-9 months in some locations) could have an adverse impact on children's development and their relationship with both parents into the future.

This model involved the establishment of a reference group which aimed to educate judges, magistrates and solicitors and clarify the independence of CCS from the WA Family Court. The reference group provides ongoing feedback to the Court and family lawyers regarding inappropriate referrals. The reference group developed electronic pro-forma contact orders for use in Court, prescribing two hours of visitation per week, to a maximum of 8-10 sessions. This has reduced wait times to approximately 8-10 weeks in WA.

Noting the different family court system in WA, there may be opportunities for this model to be applied in other Australian jurisdictions.

### Immediate next steps ('quick wins')

- Consider how to use AGD and DSS connections to bring the current excessive wait times for CCS to the attention of judges and magistrates, to enhance transparency and visibility of the challenges facing the services
  - It is recommended that AGD consult further with WA providers in the first instance, and consider the opportunities and challenges presented by replicating the contact orders in the different court system elsewhere in Australia
- Conduct further consultation with service providers to determine how AGD can provide further support in efforts to collaborate with the Family Court in other jurisdictions, including whether pro forma court orders can be used in other jurisdictions
- Seek further information from service providers on the nature of their interactions with the courts and legal system and identify areas that present difficulties for improvement (i.e. the challenges faced by regional areas in forming relationships with judges from the Federal Circuit Court)

### Longer term considerations

- Consider how the Family Law Division at AGD can facilitate conversations between the broader court system and providers of FLS, with the purpose of improving collaboration and mutual understanding of the challenges faced by both
- Consider the applicability of the bespoke court orders model to other family law services beyond CCS (for example, PSCP and/or POP)

### Assessment against criteria

Promotes access to justice	High alignment
Future focused	High alignment
Adaptive	High alignment
Innovative	High alignment
Outcomes focused	Moderate alignment
Sustainable and efficient	High alignment

## B5 Greater collaboration with child protection services and the legal sector

### Overview

In both past research and consultation with service providers, challenges with efficient collaboration with child protection services and the legal sector have been raised. Increasing client complexity has meant that there is need for collaboration with both sectors though where these challenges have arisen.

With regard to the legal sector, concerns centred around the tension between FLS as a government funded service, and a perceived view of some in the private legal sector that they may lose clients to FLS providers. In addition, barriers to data sharing between FLS providers and child protection services were seen as preventing practitioners from undertaking effective referrals and ensuring the most appropriate result for their clients. In some instances, FLS providers considered that they were expected to provide information to child protection services which may result in breaches of client confidentiality.

There may be steps that AGD can take to encourage stronger, more widespread, collaboration with these sectors, to provide holistic end-to-end client care and improved outcomes.

### Immediate next steps ('quick wins')

- Undertake further consultation with a sample of service providers to provide further context on the challenges in collaboration with child protection services and the legal sector
  - These consultations may provide additional information to allow AGD to develop pilot programs to enhance collaboration in this area
- Consider the development of pilot programs aimed at promoting closer collaboration with child protection services and the legal sector. This will encourage the development of relationships between providers of socio-legal services across the sector, resulting in more holistic, end-to-end client care
- Undertake consultation with child protection agencies. Circulate findings to service providers to clarify expectations with respect to data sharing and confidentiality in the event that a FLS practitioner makes a report to these agencies

### Longer term considerations

- Consider whether there is scope to develop a formal MOU between child protection agencies and AGD as the funding body for FLS to map collaborative practices and standardised referral pathways
- Consider the funding of additional pilot programs to facilitate collaboration between providers of FLS and private legal services and/or child protection agencies

### Assessment against criteria

Promotes access to justice	High alignment
Future focused	High alignment
Adaptive	High alignment
Innovative	Moderate alignment
Outcomes focused	High alignment
Sustainable and efficient	Moderate alignment

## C1 Enhanced use of technology

### Overview

In order to meet increasing demand and address client complexity, providers are increasingly utilising technology in innovative ways. Innovative, technology driven services may allow FLS to reach regional and remote clients on a more cost effective basis, and align with recent trends in digital and remote service provision. The financial outlay associated with keeping pace with new technology may be considered prohibitive by some providers.

Enhanced use of technology will allow FLS to keep pace with the diverse range of emerging digital services, such as Telehealth, which allow clients to access government services remotely and at their discretion. There are many examples of effective use of technology within FLS at the current time, with further details set out in the case studies contained in the SCF. The challenge is now to widen the scope of technology types used, and to use the services to enhance equitable service provision across Australian jurisdictions.

### Immediate next steps ('quick wins')

- Encourage providers to consider the digital and telephone service provision set out in the SCF (e.g. the Consumer Support Service intake system that supports effective triage of new clients over the telephone or the use of social media to engage and provide information to clients)
  - Consider additional funding to assist in the development of, and training for, long distance mediation tools (i.e. Webex, Skype, GoTo Meeting) and mobile applications/websites which increase the accessibility of information on FLS
- Undertake further consultation with service providers to develop a detailed understanding of how long distance mediation tools are being used, and the associated strengths and weaknesses of each for FLS
- Consider further the implications of web-based, technology driven tools in the context of data sharing legislation and the storing of personal client information, with the view to providing guidance to service providers on the most appropriate programs
  - Some web-based programs may store data in offshore locations, which may breach Australian legislation on the storage of private data
    - Where possible, guidance on the most appropriate programs or software for use should be provided to FLS providers

### Longer term considerations

- Consider the development of FLS-specific technology provisions which can be rolled out to providers across all jurisdictions, assisting to standardise digital service provision
- Consider requiring service providers to transition to the use of digital case records (if not already using) as part of contract negotiations
- Consider the potential impact of technology trends, including the distribution of public services across multiple channels and increases in the use of mobile device applications, cloud computing, workforce mobility and data and analytics

### Assessment against criteria

Promotes access to justice	High alignment
Future focused	High alignment
Adaptive	High alignment
Innovative	High alignment
Outcomes focused	High alignment
Sustainable and efficient	High alignment

## C2 Increased use of Telephone Dispute Resolution

### Overview

Regional areas are experiencing a decline in population, particularly in the core age group (25-49 years), requiring innovative solutions to service them in an ongoing, sustainable manner. One manner in which this can be achieved is through Telephone Dispute Resolution (TDRS), for which one Queensland provider is currently funded to provide.

TDRS allows providers to service clients in remote areas, and caters to clients who may live a long distance from the partner, or former partner, may live a prohibitive distance from their closest face to face outlet or, for a variety of reasons, may not feel comfortable undertaking face to face mediation. Anecdotal evidence gathered in workshops indicates that wait times for TDRS may currently be quite high, up to 3-6 months in some instances. This has the potential to be prohibitive for clients attempting to use these services.

### Immediate next steps ('quick wins')

- Undertake further consultation with the provider funded for TDRS to determine the challenges and opportunities of expanding the provision of this service to involve other providers
- Undertake consultation with service providers and clients to determine the impact of placing further emphasis on TDRS to meet the needs of rural and remote clients (reducing the need for service outlets in remote locations)
- Undertake consultation with past and present clients of TDRS with the view of gaining feedback on their experience within the program and improving service provision as part of this program
- Conduct an assessment of the extent to which TDRS can reach rural and remote areas (i.e. whether there are any areas that are unable to be reached based on a lack of internet connectivity)
- Consider providing training to other funded organisations to allow their practitioners to carry out TDRS where appropriate

### Longer term considerations

- Consider the implications of the roll out of the NBN to the provision of TDRS to clients across Australia, and how this roll out could be effectively used to benefit clients of FLS
- Consider how TDRS can be used alongside enhanced use of technology to provide rural and remote clients with 'digital face to face' services

### Assessment against criteria

Promotes access to justice	High alignment
Future focused	High alignment
Adaptive	Moderate alignment
Innovative	Moderate alignment
Outcomes focused	Moderate alignment
Sustainable and efficient	High alignment

## C3 Sharing of Tableau software with service providers

### Overview

The Tableau Model developed in conjunction with this report is a powerful tool which allows AGD, DSS and service providers unique insights into the provision of FLS across Australia now and into the future. AGD may wish to consider allowing providers access to the model in order to drive service improvements.

The provision of the model to providers will allow them access to data which can then inform their service delivery. The Tableau Model is best analysed using a local lens and utilising local knowledge. Providers in each area are best placed to filter the model to show information relevant to the needs of their specific communities, based on knowledge of their current client profile against the profile of potential clients in the region. Data sharing may be limited because information in the model may be commercial in confidence.

### Immediate next steps ('quick wins')

- Consider facilitating service provider access to the Tableau Model, as it is best used when analysed through a local lens, providing a better understanding of contextual factors relevant to a particular region
- Provide DSS Grant Managers with access to the Tableau Model as the administrators of FLS in each jurisdiction. This facilitates analysis at a high level jurisdictional level
- Provide a high level snapshot of the findings of the data to all service providers seeking any feedback on significant anomalies which may signify errors in the data
- In lieu of allowing provider access to the Tableau Model, consult with service providers regarding the type of information they would value and provide in screenshots and data extractions
- Consider obtaining consent of major providers in one large jurisdiction (e.g. NSW or Victoria) for the sharing of information amongst them, to pilot the use of the model by providers to increase efficiency and collaboration

### Longer term considerations

- Consider commissioning an updated model as more robust data becomes available, to ensure that the information gathered from the model is the most-up-to-date and useful available
- Consider the use of the Tableau Model during the renegotiation of funding contracts in 2018-19. This will have particular use if the model is updated with more robust data in advance of contracting

### Assessment against criteria

Promotes access to justice	Moderate alignment
Future focused	High alignment
Adaptive	High alignment
Innovative	High alignment
Outcomes focused	Moderate alignment
Sustainable and efficient	High alignment

## C4 Merging of service types

### Overview

The number of service types through which FLS are delivered can add a layer of complication for clients, both in terms of determining an appropriate entry point and in referrals through different service types within the system. The merging of service types into two to four core services and allowing providers to design services around client outcomes, rather than adhering to service guidelines, may facilitate services to address client needs more thoroughly. In addition, this will assist to streamline the FLS system, with the potential for fewer instances of overlap, requiring fewer referrals within the system to meet client need.

The merged services could be designed to align with changed AGD purchasing outcomes, allowing for variation in how services are designed across Australia, with local context taken into account.

### Immediate next steps ('quick wins')

- Reconfirm and refresh the objectives and outcomes of FLS, including how those objectives and outcomes can be included in future contract negotiations
- Consider the analysis of service types provided in this report to determine under-used services or those which do not appear to have a high uptake
- Undertake further consultation with service providers to identify any potential gains in efficiency or concerns for providers in merging service types, including consideration of significant overlap with other socio-legal sector programs

### Longer term considerations

- Consider merging service types within FLS to assist in the development of a streamlined service system with fewer instances of duplication, requiring fewer referrals within the system to meet client needs
- Complete a comprehensive assessment of the current service provision under each service type within FLS and identify areas of overlap or duplication in functions performed (i.e. within Family Relationship Centres, Family Dispute Resolution and Family Law Counselling, which may be able to be reduced to one service type with some modifications)

### Assessment against criteria

Promotes access to justice	Low-Mod alignment
Future focused	Moderate alignment
Adaptive	Moderate alignment
Innovative	Moderate alignment
Outcomes focused	High alignment
Sustainable and efficient	High alignment

## 5.3 Future funding model options

KPMG’s scope for this engagement included examining options which exist for alternative funding models for FLS. Before considering options for future funding models, it was necessary to understand the strengths and challenges of the current funding approach, as outlined in section 3.1.2.

The initial stages of this project considered the applicability of a number of different funding models to the FLS context (see Appendix 4). These options were then refined to include a focus on value for money and innovative approaches. This chapter provides more detailed analysis of the three models that were considered of most relevance for the challenges facing FLS. The three funding approaches which have been selected in consultation with AGD for detailed examination are:

- an adjusted demographic distribution
- outcomes based funding
- a more fundamental redesign of the market (client funding packages in combination with greater use of co-payments).

### 5.3.1 The current funding model

As discussed in detail in section 3.1.2, the current funding model is based on an historical allocation of grant funding to non-government organisations. The funding envelope is static given the pause of program indexation in 2013-14. Service providers are contracted to deliver FLS on a five year basis. The level of funding awarded does not appear, however, to be linked to client volume or client outcomes. Table 29 below provides a high level overview of the key strengths and challenges within the current funding model.

Table 29 - Overview of the current funding approach and implications

Dimension	Current model	Implications
<b>Basis of allocation</b>	Block funded grant based	<b>Advantages</b> For Government, providers and clients: <ul style="list-style-type: none"> <li>• predictable allocation from year to year with a static funding envelope,</li> <li>• fulfils government obligation to provide services,</li> <li>• length of contract and predictability allows NGOs to plan services based on current allocation and relative certainty may help retain staff, and</li> <li>• as current providers are retained this leads to predictable service provision for clients.</li> </ul>
<b>Funding envelope</b>	\$155.4m	
<b>Volume of clients</b>	Not specified in contracts	
<b>Contracting</b>	5 year term; 66 organisations; 623 service outlets; suite of services; output data reporting	<b>Limitations</b> For Government, providers and clients: <ul style="list-style-type: none"> <li>• there is more limited accountability and oversight of services compared to some other funding models for government,</li> <li>• budget allocation does not prioritise vulnerable groups so provider service provision determines access to services for these groups,</li> <li>• waiting lists may extend leading to longer waiting times for clients in some areas (or providers using funding from other services),</li> <li>• few incentives for providers to work on service quality or report on outcomes, and</li> <li>• unplanned market which may have limited coverage.</li> </ul>
<b>Governance</b>	Funds for FLS from AGD are administered by DSS	
<b>Location of services/ types of NGOs</b>	Varied across jurisdictions	
<b>Service model (&amp; quality of services)</b>	Face to face, outreach, electronic Client services	

Source: KPMG analysis

### 5.3.2 Funding models as a policy tool

For the purposes of this report, KPMG considers funding models to be an active policy lever which can drive certain policy outcomes. A particular funding model is seen as relevant at a particular point in time when the model is tailored to a particular context, and designed to address a specific policy, service provision or implementation issue. Models are designed to be regularly reviewed and adjusted/changed as policy issues emerge and change over time. As a dynamic policy tool, funding models have the potential to:

- drive services towards outcomes
- increase efficiency
- ensure service coverage in sparsely populated areas (rural and remote clients)
- prioritise services to vulnerable sections of the population
- bring private investors into the funding mix
- encourage providers to innovate and collaborate within key parameters.

### 5.3.3 Rationale for change

Before the current contracts for FLS expire, there is an opportunity for AGD to examine the current funding model, and determine whether the model is still able to deliver on the policy objectives for FLS, or if other funding model options (or combinations of options) may be more appropriate.

There are several drivers of the need to investigate new, alternative funding models to support the delivery of FLS. Analysis in earlier sections of this report highlighted key policy, service delivery, demand, and distribution issues facing FLS. These have included:

- *Historical allocation* – the current funding model is based on historical decisions and not designed to drive efficiency. Existing contracts tend to be rolled over for incumbent providers, which does not encourage efficiency in service delivery.
- *Demand pressure* – providers are currently struggling to meet demand, with lengthy (but highly variable) wait lists and are reportedly using funds from other programs to help meet demand. As a consequence of the ‘universal’ principle behind services, there is no specification of priority client groups or triaging of clients (apart from domestic violence clients).
- *Equity considerations*
  - Allocation of funds to individual jurisdictions is based on historical decisions and lacks a rationale (although much of the allocation is broadly in line with population dispersion between the jurisdictions).
  - Within the current funding model, there is no incentive to locate services in areas where there are the highest numbers of population (current or future) or greatest areas of need.
- *Outcomes* – the funding model does not encourage measurement of outcomes, nor does it financially incentivise providers to focus on achievement of client outcomes.

### 5.3.4 Considering funding model options

#### The suite of funding model options

The full range of funding models that were considered in the analysis are shown in Table 30. This table provides an overview of the advantages and challenges of the different models considered, and indicates the four models (which have been incorporated into three options) which were chosen for further analysis. Additional detail on each of the models is provided in Appendix 4.

It was decided that social investment and social enterprise models would not be pursued further as family law was considered to be a private matter, and input and output models were seen to be passive and were not considered to drive the policy agenda.



Table 30 - Relevance of different types of funding models to FLS

Type of funding model	Positives	Challenges	Included in this chapter
<b>Demographic funding</b>	High level of equity in distribution of resources High level of transparency; easy to understand rationale for allocation	Requires up to date demographic information Does not assist with allocation to specific agencies	Yes – D1
<b>Outcomes (payment by results)</b>	Drives system towards outcomes; high level of transparency	Measurement of outcomes, degree of change required for transition	Yes – D2
<b>Client funding packages</b>	Allows market to operate Aligned with achieving justice/equity Client centric High level of transparency	High degree of administrative burden, degree of change required	Yes – D3
<b>Co-payments</b>	Brings new money into the sector Encourages efficient use of services	Set up and administration of co-payments May reduce access to justice if eligibility criteria are not appropriate	
<b>Input based funding</b>	Provides government and service providers with certainty around funding levels	Does not encourage efficient use of funding. May encourage use of more inputs over time	No
<b>Output based funding</b>	Transparency of outputs Easy to understand rationale for allocation	Outputs may not reflect outcomes achieved	No
<b>Social investment</b>	Private investment enters the sector	Family Law seen as personal business which does not align theoretically with social impact investing	No
<b>Social enterprise models</b>	Could reduce need for government funding for FLS over time	New market in Australia. Family Law seen as personal business which does not align theoretically.	No

## Framework for 'deep dive' analysis

This section presents the framework that was used to critically examine each of the three funding models. The framework allows a consistent approach to be adopted to the analysis of each of the options. A description of its key elements is presented in Table 31 below.

Table 31 - Analysis framework for 'deep dive' analysis

Key element	Description and purpose
<b>Description</b>	A high level description of the option
<b>Rationale</b>	Explanation of the aim and rationale for the use of the option
<b>Likely impacts</b>	An overview of the likely implications of introducing this option for government, providers and clients
<b>Policy alignment</b>	Alignment of the funding model option with key policy objectives
<b>Financial implications</b>	The financial impacts and budget implications and consideration, from government's perspective, of the cost of introducing this funding model option and the financial implications of adopting the model
<b>Preconditions</b>	The key elements (such as information, resources and governance structures) which are critical for the model to be implemented

Key element	Description and purpose
<b>Implementation considerations</b>	Critical factors for providers and Government involved in implementing the option
<b>Risk and limitations</b>	An outline of key risks that are foreseen and the limitations of the particular option
<b>Performance and evaluation</b>	The key aspects and requirements for the monitoring and measurement of performance, and any relevant evaluation considerations

### 5.3.5 Three policy options arising from the analysis

Considering the drivers for change and the available range of funding models, several policy options are apparent:

- 1) In light of the demand pressure for services presented in this report, two particular policy options are evident. Either:
  - o additional funds are obtained in order to respond to growing demand for services, both now and into the future, and/or
  - o service provision is narrowed either by client numbers or by service type.<sup>100</sup>
- 2) Given that the basis of allocation to date has been historical in nature, distribution of funds to jurisdictions may be reconsidered and aligned to current and future population growth.
  - o An adjusted demographic model allocates funds to jurisdictions on a transparent basis and can be designed to give weightings to areas of social disadvantage. This model highlights demand pressures accompanying population growth (although it does not allow for increasing client complexity).
- 3) Given the passive nature of the current grants system, distribution of funds within jurisdictions may be made on the basis of a more active funding model such as an outcomes funding model or funding packages (with an expanded co-payments system). Further detail is provided below.
  - o *Outcomes based funding* – If provider practice is to be reorientated to outcomes, then the outcomes based funding model provides a model in which allocation to providers within jurisdictions can actively encourage the achievement of outcomes. This is an efficiency model, and relies on specification of outcomes and their measurement.
  - o *Funding package and co-payments* – If allocation is to be fundamentally reoriented towards clients and their needs, funding packages provide a funding model in which there is a high degree of transparency and funds can be allocated on a differential scale according to client need. Increased use of co-payments presents the opportunity to bring new money into the sector. Of the three funding models chosen for further analysis, this is the only model which has the potential to bring new funds into the sector.

A combination of funding models could be implemented. For example, an adjusted demographic model may determine the relative quantum of funds to a jurisdiction and then funding packages may be used to allocate funds at the client level. In addition, different models could be used for different services within the system. Currently, CCS has the longest waiting lists and may therefore be the first service to be considered for a new funding model.

Further work to be considered could include development of a dynamic budget allocation modelling tool for FLS, which highlights the effects of changes in allocation to programs and client numbers when key parameters are changed in each specific program. Each of the three funding model options are presented in further depth in the following three sections.

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<sup>100</sup> For example, the principle of universality could be revised so that services are offered to a smaller number of targeted clients. AGD has the opportunity to examine and refresh policy priorities to confirm or establish priorities in terms of client groups and programs and the aim of the services.

## 5.3.6 Detailed analysis of funding model options

Three funding model options are considered below. They have been assessed against the criteria set out in section 5.1 of this report, in line with the assessment carried out for options in section 5.2. A qualitative assessment of these options has been undertaken based on KPMG’s professional judgement.

Funding models	
<b>D1</b>	Adjusted demographic distribution
<b>D2</b>	Outcomes based funding
<b>D3</b>	Redesign of the market using funding packages

### D1 - Adjusted demographic distribution

The adjusted demographic model is described in Table 32 below.

Table 32 - Adjusted demographic funding model

Key element	Description and purpose
<b>Description</b>	<ul style="list-style-type: none"> <li>In contrast to the historical block funded grant formula, an adjusted demographic formula would align funding levels to each jurisdiction based on the current and projected distribution of population with a weighting for disadvantage.</li> <li>A specific amount of funding would be allocated for each jurisdiction, and a competitive procurement process would determine via the market which providers would be contracted to deliver services.</li> </ul>
<b>Rationale</b>	<ul style="list-style-type: none"> <li>The adjusted demographic method: <ul style="list-style-type: none"> <li>has high transparency as it allows funds to be distributed based on a demographic formula,</li> <li>is equitable and promotes social justice, as it is based on demographics, with an adjustment included for social disadvantage,</li> <li>disrupts historical allocation and provides a rational basis to allocation decisions, and</li> <li>can be used to develop place based services, within each region, if the amount of funds distributed is planned at the regional level.</li> </ul> </li> </ul>
<b>Likely impacts</b>	<ul style="list-style-type: none"> <li>Alignment to projected population numbers in jurisdictions.</li> <li>Refreshed procurement arrangements within jurisdictions.</li> <li>In some jurisdictions, some new providers could enter the market, while in other jurisdictions, some providers would leave the market and/or dissolve (potentially resulting in job losses).</li> </ul>
<b>Policy alignment</b>	This funding method is not designed to drive outcomes, although the design of the allocation mechanism recognises the spacial location of disadvantage.
<b>Financial implications</b>	<ul style="list-style-type: none"> <li>The funding model works within the funding envelope to distribute funds to each jurisdiction. Allocation decisions regarding types of services which are beyond jurisdictional distribution are not included in the model.</li> <li>To develop service level distribution, further work would need to be undertaken on the cost per client per service by case complexity. A flexible modelling tool could be built to test the impact of changes in allocation in one service on another FLS.</li> </ul>
<b>Preconditions</b>	<ul style="list-style-type: none"> <li>There are a limited number of preconditions for this funding model. The inputs to build the allocation model are based on external data, such as: <ul style="list-style-type: none"> <li>demographic modelling data (as presented in current KPMG report), and</li> <li>spacial data on SEIFA.</li> </ul> </li> <li>The demographic data and SEIFA data by region is used to develop the statistical model for funding purposes.</li> <li>Unlike the outcomes based or individual packages models, this funding model is administratively simple for government agencies to administer.</li> </ul>

Key element	Description and purpose												
<b>Implementation considerations</b>	<ul style="list-style-type: none"> <li>This model has fewer preconditions and inputs than the outcomes based model or the funding packages model. The inputs in this model are external (e.g. ABS data) and do not require AGD to collect data.</li> <li>This model would build on the KPMG demographic model provided as part of this engagement, and therefore would require less change than some alternative models.</li> <li>This model does not bring new funds into the sector.</li> </ul>												
<b>Risk and limitations</b>	<ul style="list-style-type: none"> <li>Funds are not linked to the quality of service provision or achievement of outcomes.</li> <li>This is a passive funding model and does not drive policy outcomes within program provision.</li> <li>If inaccurate or inappropriate demographic factors are chosen, this may compromise equitable access to justice in some areas.</li> <li>Inconsistencies in data collection may limit the analysis able to be undertaken, and accuracy of any demographic model</li> </ul>												
<b>Performance and evaluation</b>	<ul style="list-style-type: none"> <li>The funding model is not linked to program performance or to client needs.</li> <li>Program quality and effectiveness would need to be assessed through ongoing monitoring of data and through program evaluations, the outcomes of which are not linked to funding decisions.</li> </ul>												
<b>Assessment against criteria</b>	<table border="1"> <tbody> <tr> <td>Promotes access to justice</td> <td>Moderate alignment</td> </tr> <tr> <td>Future focused</td> <td>Moderate alignment</td> </tr> <tr> <td>Adaptive</td> <td>High alignment</td> </tr> <tr> <td>Innovative</td> <td>Low alignment</td> </tr> <tr> <td>Outcomes focused</td> <td>Low alignment</td> </tr> <tr> <td>Sustainable and efficient</td> <td>Low alignment</td> </tr> </tbody> </table>	Promotes access to justice	Moderate alignment	Future focused	Moderate alignment	Adaptive	High alignment	Innovative	Low alignment	Outcomes focused	Low alignment	Sustainable and efficient	Low alignment
Promotes access to justice	Moderate alignment												
Future focused	Moderate alignment												
Adaptive	High alignment												
Innovative	Low alignment												
Outcomes focused	Low alignment												
Sustainable and efficient	Low alignment												

## D2 - Outcomes based funding

The outcomes based funding model is described in further detail in Table 33 below.

Table 33 - Outcomes based funding model

Key element	Description and purpose
<b>Description</b>	<ul style="list-style-type: none"> <li>Outcomes based funding links funding for FLS to the achievement of specified client outcomes.</li> <li>Rather than providers receiving block funding for specific services prior to delivering them, in an outcomes based funding model, service providers receive payment after the outcome has been achieved.</li> <li>The outcomes based model can be designed in many different ways.</li> <li>The entire budget allocation could be dependent on achievement of outcomes, or a proportion of the budget could be dependent. For example, the program could be designed on a 70 per cent base funding rate (or demographic formula) with a 30 per cent incentive or outcomes payment.</li> <li>The model is an active policy lever which can be used to drive chosen policy objectives (outcomes).</li> <li>In this particular funding model, service providers are incentivised to review their practice, increase efficiency and focus on the achievement of outcomes.</li> </ul>
<b>Rationale</b>	<ul style="list-style-type: none"> <li>In this model, government financially rewards providers for achieving a positive and measureable impact on the lives of service users.</li> <li>This model reorients services towards outcomes through creating financial incentives for providers to better meet clients' needs through the delivery effective and efficient services.</li> <li>The model can potentially provide government with increased accountability for taxpayer dollars through specifying and quantifying the outcomes that are to be achieved by a service.</li> <li>The model can potentially provide government with increased oversight and monitoring through the development of better quality information. It may also assess whether service</li> </ul>

Key element	Description and purpose
	providers are meeting clients' needs, an area where there is not a lot of visibility within the current system.
<b>Likely impacts</b>	<ul style="list-style-type: none"> <li>• Increased achievement of client outcomes.</li> <li>• For providers, greater clarity and focus on the aim of services.</li> <li>• The shifting of funds towards paying for outcomes leading to increased value for money.</li> <li>• Increased investment in measurement leading to increased measurement of outcomes.</li> <li>• Greater transparency and accountability for services.</li> <li>• There is the potential to reorient the sector away from outputs and processes towards measurable tangible outcomes.</li> </ul>
<b>Policy alignment</b>	<ul style="list-style-type: none"> <li>• Several jurisdictions, including New South Wales and Queensland, are currently developing or working under outcomes frameworks.</li> <li>• The specification of outcomes for FLS would need to align with jurisdictional work on outcomes and it is anticipated that this is achievable.</li> <li>• In addition to harmonising the outcomes with jurisdictional directions, FLS outcomes would need to synchronise with the Australian government policy directions.</li> </ul>
<b>Financial implications</b>	<ul style="list-style-type: none"> <li>• Financial modelling would need to take into account the projected volume of clients into the future and the likelihood of achievement of outcomes (program success rates).</li> <li>• These data points would be used to develop a 'stock and flow' program model which accounts for clients entering and leaving the system at different points in time.</li> <li>• Based on these parameters, the level of risk and reward within each program would need to be set so that the model financially 'stacks up' for government and for service providers.</li> </ul>
<b>Preconditions</b>	<p>A number of conditions are required to implement a successful outcomes based funding model:</p> <ul style="list-style-type: none"> <li>• well defined measurable outcomes</li> <li>• known rates of success in programs</li> <li>• detailed knowledge of the client population and levels of complexity, with monitoring systems in place to prevent providers from only assisting the least complex and least costly clients</li> <li>• measurement systems in place</li> <li>• financial metrics of costs per client by type of outcome/service provided</li> <li>• capacity building in measurement</li> <li>• nationwide consistent datasets.</li> </ul> <p>Currently, each of these data requirements are undeveloped and a significant amount of investment would need to take place to sufficiently develop these systems to allow this model to be implemented.</p> <p>Some preliminary suggested areas in which to develop measurable outcomes for FLS are:</p> <ul style="list-style-type: none"> <li>• children are supported in their relationships with their families after separation</li> <li>• families have accurate and timely information regarding appropriate services</li> <li>• separating family matters are resolved out of court and children and families are safe</li> <li>• clients from separating families who have an ATSI or CALD background resolve family matters in a culturally empowered manner.</li> </ul>
<b>Implementation considerations</b>	<p>The implementation of an outcomes based funding model requires a significant degree of change within providers in order to develop and implement consistent measurement of key client outcomes to be used for funding purposes.</p> <p>An implementation plan will need to allow sufficient time to:</p> <ul style="list-style-type: none"> <li>• build capacity in the sector to enable understanding and measurement and achievement of client outcomes</li> <li>• assess the evidence base of programs and collection of data on program success rates.</li> </ul> <p>An interim position would be to fund through demographics (as described above) and in parallel orient the system to outcomes (rather than fund through outcomes). One option would be to implement one FLS program, such as Children's Contact Services, as a pilot for an outcomes' based funding model.</p>
<b>Risk and limitations</b>	<ul style="list-style-type: none"> <li>• Inherent in an outcomes based funding model is the risk of developing perverse incentives so that there is 'creaming' of clients (i.e. clients who are easiest to work with and are not complex clients, receive services). Monitoring systems and detailed client data is required to assess these risks.</li> </ul>

Key element	Description and purpose												
	<ul style="list-style-type: none"> <li>• There is the potential for disincentives to innovation, collaboration and knowledge sharing between providers to be inadvertently developed as part of the model.</li> <li>• As the degree of change required to implement an outcomes-based funded service is substantial, it is recommended that one service is implemented to familiarise and build capacity within the sector.</li> <li>• Feedback loops are required to monitor progress and revise implementation.</li> <li>• Does not bring new funds into the sector.</li> </ul>												
<b>Performance and evaluation</b>	<ul style="list-style-type: none"> <li>• In an outcomes funding model, research on program effectiveness and success rates are central to the design of the funding model and are built into the financial model for the program.</li> <li>• In addition to work on program effectiveness prior to the model being rolled out, program outcomes will need to be regularly measured and monitored within the model.</li> </ul>												
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### D3 - Redesign the market through funding packages

Details of the funding packages model are outlined in Table 34 below.

Table 34 - Funding packages model

Key element	Description and purpose
<b>Description</b>	<ul style="list-style-type: none"> <li>• Replacing block grants, this model uses co-payment/fee for service for clients who can afford to pay for services, and uses funding packages for all other clients.</li> <li>• The individualised funding approach fundamentally revises the basis of allocation from block grants to agencies to provision of funding ‘packages’ to individuals. As described further below, a stepped down model is proposed whereby individuals choose services to meet their needs within a limited list of provider agencies.</li> <li>• There is potential to use fee for service in combination with funding packages and to provide funding packages to those who are disadvantaged and not able to pay a fee for service.</li> <li>• Packages allow disadvantaged persons to purchase services from service providers.</li> <li>• The general population would pay a fee for service while the disadvantaged would pay for the service through a funding package.</li> <li>• Allocation of an individual package is based on client needs and outcomes.</li> </ul>
<b>Rationale</b>	<ul style="list-style-type: none"> <li>• A co-payment model brings ‘new’ money into the service system, as clients who can afford to pay for the service pay a fee for service. With a fee for service arrangement in place, a larger pool of funds are available to concentrate on provision of services to people who are vulnerable and disadvantaged, and who cannot afford to pay for services.</li> <li>• The funding packages model is client focused as it allows clients to choose service providers. The model is transparent as the client group is well-defined and the level of care for different types of clients is determined by assessed need. In addition, the stepped down model allows government to retain some control and oversight of agency service provision, through specification to the agencies which will provide services.</li> <li>• This innovative funding model allows the market to operate within chosen parameters and also achieves equity in access to services for disadvantaged clients.</li> <li>• Through the development of clear criteria which is used for eligibility, AGD has control as to which individuals receive access to funding.</li> <li>• Funding is attached to an individual and is needs based. Within the funding packages model, clients have ‘choice and control’ and choose their service provider. Geographical coverage of services is determined by market forces as funding packages are distributed</li> </ul>

Key element	Description and purpose
	<p>to individuals. Services, therefore, over time align with client demand and location. Part of the service delivery/funding model design must account for rural and remote services, and one option is to adopt different service delivery models in these areas.</p> <ul style="list-style-type: none"> <li>The choice of services that are purchased can be open or can be made within a range of service providers. If the choice is restricted, this can be achieved through developing a short list of service providers that AGD/DSS pre-approves. AGD would then pay these providers the cost of the package that is provided.</li> <li>A stepped down model where government provides clients with a list of service providers can introduce further competition between providers.</li> <li>One of the strengths of the model is the scope within a package system to develop different levels of service for different levels of client complexity. There could, for example, be three levels of package (low, moderate and high needs clients) which reflect the varying client needs and the level of assistance required. Defining needs could build on the current work being undertaken by the Family Law Council on complex needs families.<sup>101</sup></li> </ul>
<b>Likely impacts</b>	<ul style="list-style-type: none"> <li>The aim of a fee for service model is to have a 'co-payment' model of fees for clients who can afford to pay for a service. One of the impacts of a co-payment/fee for service model is a larger administrative burden on agencies of administering the program.</li> <li>The aim of the funding packages model is to distribute funding packages according to assessed need and to allow different levels of packages to be distributed to different levels of client need (or complexity).</li> <li>The model allows government to determine the target population and the level of support provided for individuals, and is not, therefore, underpinned by the principle of universality. As clients can choose service providers, the model can stimulate competition between agencies, which may lead to more efficient, better quality services.</li> <li>The model has the potential to bring 'new money' into the funding pool through fee for service, for those who are able to pay.</li> <li>There may be high levels of administrative cost in the implementation of the model.</li> <li>The model changes the way service providers provide services. It can increase service quality; allow new providers to enter; and increase the pool of agencies from which to choose.</li> <li>Time is required to develop the administrative system behind the model in order to support implementation.</li> </ul>
<b>Policy alignment</b>	<ul style="list-style-type: none"> <li>Key client groups can be targeted consistent with Australian Government policy.</li> <li>Services can be aligned to meet client needs and outcomes.</li> </ul>
<b>Financial implications</b>	<ul style="list-style-type: none"> <li>Detailed financial modelling is required to build the specific funding model.</li> <li>Through the co-payment system, and through the packages system, AGD/DSS choose who is eligible for services.</li> <li>Assessment of eligibility is critical and relies on implementation of face-to-face or telephone assessment processes (which could possibly be undertaken through a national call centre based on current models i.e. TDRS, FRAL).</li> </ul>
<b>Preconditions</b>	<p>The model's design includes:</p> <ul style="list-style-type: none"> <li>setting the level of the available funding envelope</li> <li>determining the levels of fees for service</li> <li>determination as to whether a client is eligible for a funding package</li> <li>determining costs per client</li> <li>determining costs of supporting different levels of needs of clients</li> <li>knowing how much is currently spent per client per level of need</li> <li>for eligible clients, assessing the level of client need</li> <li>determining which agencies will distribute packages</li> <li>developing information to provide to clients on how to choose a service and which services are available.</li> </ul>
<b>Implementation considerations</b>	<ul style="list-style-type: none"> <li>The administration of the funding model can draw on the lessons learnt from the experience of the roll out of the NDIS, including communication strategies.</li> </ul>

<sup>101</sup> Family Law Council Terms of Reference, Available at: <<http://www.ag.gov.au/FamiliesAndMarriage/FamilyLawCouncil/Pages/FamilyLawCounciltermsofreference.aspx>>.

Key element	Description and purpose												
	<ul style="list-style-type: none"> <li>The administration of this funding model is complex as allocation is made at the individual, not the agency, level.</li> <li>Administrative costs are relatively high compared to the amount of funds being administered, and the degree of change required to administer the program is substantial.</li> </ul>												
<b>Risk and limitations</b>	<ul style="list-style-type: none"> <li>Limitations to the level of funds available are designed into the model. In addition, there will be a direct trade-off between the level of fee for service and the level of funds available for funding packages.</li> <li>There is risk involved in modelling the scenarios, and the models will be dependent on data availability and robustness (this is not unique to this option).</li> <li>For both government and the sector, a high degree of change is required. Considering the degree of change required, transition planning will be important.</li> <li>There is no guarantee of funding for service providers and they may lose a market share. The initiative involves a significantly different way of working for service providers.</li> <li>There is a possibility that existing providers may exit the market.</li> <li>Establishment costs and administrative burden where providers do not currently collect fees, noting that many providers do already collect fees.</li> </ul>												
<b>Performance and evaluation</b>	<ul style="list-style-type: none"> <li>Through the administration of this funding model, there is a high degree of transparency at the front end of the system.</li> <li>The model creates an active market where there are live feedback loops to consumers/clients on program effectiveness.</li> <li>There is still a role for government monitoring of service provision and monitoring of client outcomes.</li> <li>Service effectiveness will need to be evaluated through program outcome evaluations to assess if programs are achieving client outcomes as intended.</li> <li>Performance information will become more important than in the current system as agency performance information will be the basis on which clients will choose a service. On the basis of this information, clients will 'vote with their feet', and choose a service.</li> </ul>												
<b>Assessment against criteria</b>	<table border="1"> <tbody> <tr> <td>Promotes access to justice</td> <td>Moderate alignment</td> </tr> <tr> <td>Future focused</td> <td>Moderate alignment</td> </tr> <tr> <td>Adaptive</td> <td>High alignment</td> </tr> <tr> <td>Innovative</td> <td>High alignment</td> </tr> <tr> <td>Outcomes focused</td> <td>Moderate alignment</td> </tr> <tr> <td>Sustainable and efficient</td> <td>High alignment</td> </tr> </tbody> </table>	Promotes access to justice	Moderate alignment	Future focused	Moderate alignment	Adaptive	High alignment	Innovative	High alignment	Outcomes focused	Moderate alignment	Sustainable and efficient	High alignment
Promotes access to justice	Moderate alignment												
Future focused	Moderate alignment												
Adaptive	High alignment												
Innovative	High alignment												
Outcomes focused	Moderate alignment												
Sustainable and efficient	High alignment												

The above analysis has identified that the three funding models considered have different strengths when considered against the assessment criteria. The demographic model ensures that funding reflects the current distribution of the population. It is not, however, particularly innovative or outcomes focused. The demographic model would also be relatively simple to implement, when compared to the other models. Outcomes based funding is more outcomes focused, innovative, adaptive and sustainable and efficient. However, this model would be more challenging and time consuming to implement well. The third option, to redesign the market through funding packages, would require more fundamental change and could require significant time to implement. It would, however, be likely to deliver a more sustainable and efficient funding approach and has the potential, through increased co-payments, to attract more funding into the sector.

Any future decision making about changing the funding models for FLS is likely to depend on the appetite for change, and which of the six assessment criteria are priorities. As considered above, better data may be required to assess which options should be pursued.



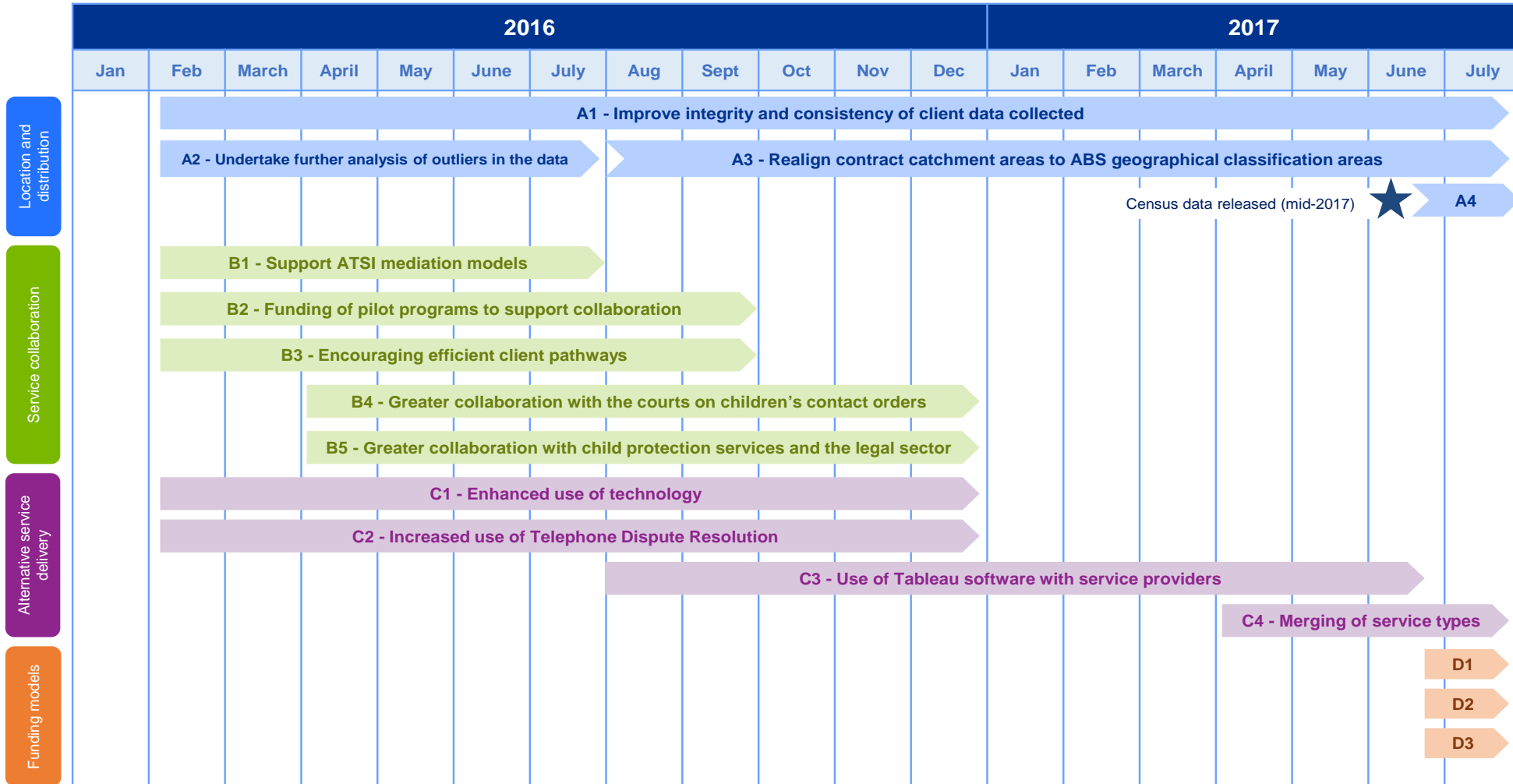
## 5.4 Implementation considerations

The options identified in this report and the SCF include activities for AGD, DSS and service providers. The implementation of these activities will raise a range of resourcing, systems and roles and responsibility questions which will need to be resolved.

KPMG has proposed an indicative 18 month phased implementation, which is summarised in the high-level timeline provided on the next page. This includes staging of key options to manage the resource burden and identifying intersections with other activities.

It is expected that some options, such as A4 and the funding model options, are longer term considerations and further work is required before implementation is feasible.

Figure 31: Indicative implementation timeline



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During the course of this engagement, KPMG has used a number of data sets provided by the DSS and the AGD. Where noted, we have also used publicly available ABS data sets. The below outlines the supplementary information referenced throughout this report.

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