

INTERIM REPORT

The A.C.B.C. and CRA have commissioned a review of the Clinical, Financial and Governance models of Encompass. This report relates to financial and governance matters and concentrates on the immediate issues facing the Board resulting from the serious threat to its financial sustainability

The ACBC has advanced monies to ensure that Encompass can continue to operate to June 30. I consider that Encompass must continue in a limited way post June 30. The cost will be about \$200,000 pa.

I have consulted with many Bishops, Priests, Board Members and the Principals of Encompass Schedule 1 and now make the following preliminary observations.

- (1) On current financial predictions Encompass faces a trading loss of \$475,000 at December 31.
- (2) If programs are cancelled at June 30 the estimated shortfall after meeting redundancies is \$288,000. This can be set off against \$100,000 from SJGHC and \$227,000 from ACBC.
- (3) There has been a significant down turn in clients particularly in Assessment programs.

- (4) The finances are extremely well managed as demonstrated in Monthly reports. Monthly costs are approximately \$130,000. Salaries make up about 80%.
- (5) The professional teamwork approach (plus residential) has required the continuing staff levels despite the drop in numbers attending.
- (6) The core businesses of Encompass are assessment, and the Banksia 6 month psycho sexual treatment program and continuing care programs. There is overwhelming support to continue programs that meet the objectives of the current core programs.
- (7) The other programs Oasis, Rubicon and Training for leadership are considered to be highly desirable. If cancelled then the Church still needs Oasis and Rubicon type programs. Programs with similar objectives may be able to be achieved from alternative sources.
- (8) The staff has made great efforts to promote all programs and to build up the non core programs to help sustain the whole operation but the trading loss cannot be stemmed.
- (9) Encompass is perceived as the Centre for treatment for psycho sexual offenders. The brand is damaged particularly for attracting numbers to other programs.

(10) There appears to be a reluctance to attend, and a reluctance of some Church Authorities to enforce attendance.

(11) Dr Embleton will report on the quality of clinical staff and its programs but my consultations lead me to conclude that Encompass is highly respected for the dedication, the professionalism the talents of all staff, and quality of its programs.

(12) If SJGHC assumed responsibility for all or any current programs then it would need to be confident that there would be no continual financial loss on the operation. No such assurances can be given.

13) SJGHC also has reluctance on providing Banksia type programs in which it has limited previous experience.

14) The potential for Banksia programs to attract numbers from other Church groups and from outside the Churches does not exist.

(15) Encompass programs are available to the Church in New Zealand and Pacific countries but they cannot be expected to provide basic stakeholder support. Rather they should be charged a fee for service.

(16) The Encompass basic fee has not been increased for some years and is already a burden for some sponsoring

client. A significant increase in fees would still result in a large trading loss.

(17) The Church cannot rely on using centres in the United States for all Banksia persons because of Visa issues.

(18) There are financial advantages in using Psychiatrists – Medicare will provide 2 visits per week per annum. The provision for Psychologists is 18 sessions per annum.

(19) The terms of office of some Members and Director of the Board have expired. There are also vacancies.

(20) There is no Catholic entity other than SJGHC that could assume responsibility for Encompass.

Conclusions

I have not addressed in detail a number of the terms of reference but have focused on the issues pertaining to the decisions required of the ACBC, CRA and the Board in the next six weeks.

(1) It would be a public relations disaster for the Church to close down or wind up Encompass at the present time.

(2) The Church must continue to ensure that core programs Assessment and Banksia remain available and it must determine over the next 3 months how they are to be provided.

(3) The Church must ensure that the body of knowledge and expertise at Encompass is not lost but continues to be accessed in a significant way. The Church is indebted to Dr Robertson, Dr Taylor and staff for their extraordinary contribution.

(4) The 6 month residential Banksia program is not financially sustainable. An alternative model must be developed.

(5) It is extremely unlikely that SJGHC would take over or provide the Banksia type program. It may consider the Assessment program and modified other non core programs. This requires further investigation.

(6) To ensure the provision of Assessment programs and modified Banksia program an Entity such as Encompass (or Encompass rebadged) must be retained by the Church. It must be funded by the Church. It must have a well qualified Director. The annual cost will be about \$200,000.

(7) The Entity would not be a direct provider of programs but the Board on the advice of the Director would be responsible for approving of programs, for entering into contracts with service providers and through supervision ensure the quality of programs offered.

(8) In my experience where programs are outsourced to private providers, they tend to fall down because of inadequate supervision and control of first the contract and then its implementation to meet the specified objectives.

(9) The Director must carry this responsibility as well as being a resource and contact person for Bishops and Religious Leaders.

(10) All programs should be suspended from June 30. The Director would immediately investigate with Drs Robertson and Taylor and other Private Practitioners and existing Agencies (e.g. SJGHC) how alternative programs can be serviced. This includes Oasis and Rubicon type programs.

(11) In the transition period post June 30 it is essential that satisfactory arrangements be made for existing Banksia clients. The Director would be responsible for this.

(12) The membership of the current Board should be reviewed and appointments made of persons able to contribute time and expertise to the Board

Schedule 1PERSONS CONSULTED

- Archbishop P Wilson
- Archbishop D Hart
- Bishop D Walker
- Bishop K Manning
- Bishop T Brady
- Monsignor D Cappelletti
- Father J Usher
- Father B Lucas
- Father V Redden
- Father M Raper
- Father F Devoy
- Sister Angela Ryan
- Brother J McDonald
- Brother P Mulhall
- Brother M Hill
- Dr A Robinson
- Dr G Taylor
- Professor T O'Hearn
- Sister M Comer
- Ramon de Carmen

RECOMMENDATIONS

1. Encompass to suspend all programs from June 30 pending further review
2. Staff to be retained until June 30
3. Encompass to continue after June 30 in its current legal form. A new Board to be appointed comprising some existing Directors plus new directors.
4. Immediate action taken to recruit a Director to take responsibility for
 - Continuing care of current Banksia clients
 - Investigate with Drs Patterson and Taylor
 - Their proposals for an Assessment Program and a modified Banksia program
 - Investigate with SJGHC and Drs Robertson and Taylor any proposals for alternative programs to Oasis and Rubicon
5. Arrange accommodation for the new Encompass
6. Consider the rebadging of Encompass.
7. Supplementary funds to be sought from ACBC and CRA for 2008-2009 financial year