

**Knowledge into Action! Effective Practice for Child & Family Services**  
2 to 4 August 2004 Sydney Convention & Exhibition Centre

**Session #21 TRUE COSTS Summary**

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**Description of the project:**

This project aims to identify the real cost (hence “true costs”) of running a Burnside Service Program by including in the cost base of that program a legitimate share of Burnside's agency wide infrastructure costs.

**Background:**

Burnside has only to date applied an arbitrary 5% infrastructure levy to its direct service budgets. What has resulted is that in the case of funded programs:

- Government and staff have not been given a true picture of the real costs of running service programs,
- staff and Government have assumed certain service programs to be ‘fully funded’ when in fact they are not,
- rollovers of assumed (concurring with the accounts) ‘unspent’ Government funds have occurred at the cost of Burnside’s growing deficit (due to non-allocated true costs).

Current accounting practices have therefore been reviewed in regard to where costs are shown. Also the effective subsidisation by Burnside of new funding projects has called into question the whole issue of future growth – due to (among other factors) the erosion of Burnside’s innovative capacity (based on the availability of Burnside’s own income generation for this purpose).

**Where we want to go:**

In 2004 2005, Burnside has budgeted so that:

1. All direct service programs show a ‘true’ cost (at the program cost centre level) of running a Burnside service program.
2. All new submissions for funding include the appropriate levies and cost shares to reflect the ‘true’ costs of running a Burnside service program.
3. Government becomes aware through the transparency of ‘true’ costing of the real cost of running existing service programs (both currently ‘funded’ as well as those programs we would seek to gain funding for).
4. Burnside stops allowing rollovers of funding unless they occur after all legitimate costs have been included in service program cost centres.

**Agency-wide cost clusters**

Six ‘clusters’ are proposed as common language to be represented in direct service program accounts as separate account line items:

1. Quality Assurance
2. Business Management & Compliance
3. Information Systems
4. HR & Payroll
5. Agency Governance
6. Agency Management Support

**FOR FULL HANDOUTS (one on the project; one defining Clusters) email me and I will email them to you: [pdrielsma@burnside.org.au](mailto:pdrielsma@burnside.org.au)**