NCOSS Pre-Budget submission 2021-22

June 2021

ncoss
NSW Council of Social Service

Recommendations

1. Support the ongoing provision of essential services by ensuring a viable community services sector

- Inject additional funding into the community services sector to maintain service continuity as demand rises, support those most in need and contribute to NSW's economic recovery.
- Set indexation so that it reflects the real cost of delivering community services – at least 3% for the duration of existing contracts – and develop an independent, consistent and robust process going forward, in partnership with the community services sector.
- Provide funding certainty and continuity for essential community services that meet performance requirements and standards via seven-year contract terms.
- Implement a second round of the Social Sector Transformation Fund to enable a broader range of community organisations to adapt and modernise their operations so they remain efficient, effective and viable.

2. Respond to rising disadvantage, strengthen the social safety net and boost jobs by bolstering funding for Specialist Homelessness Services and the construction of social housing

- Increase funding to Specialist Homelessness Services by 20% so that providers can respond to demand and keep vulnerable people safe and supported.
- Build 5,000 additional units of social housing every year for the next 10 years so that those experiencing or at risk of homelessness have a safe and secure place to call home.
- Invest $500 million in an expanded repair and maintenance program for existing social housing stock, improving wellbeing and providing jobs across NSW.

Introduction

The 2021-22 NSW Budget comes at a critical time. While NSW is progressing on the path to recovery, the economic and social impacts of COVID-19 will remain with us for years to come, through higher unemployment and increased disadvantage.

These effects will be most acutely felt by people already in poverty and the growing numbers who have lost income and opportunities during the pandemic. Already, the economic impact has not been felt equally. Some groups, including women, young people and those precariously employed have been more heavily impacted. Parts of NSW, such as those still struggling from the 2019-20 bushfires, have been more affected, losing industries or having them severely interrupted by COVID-19.

The community services sector has continued to provide frontline support to NSW communities during the challenges of the past year. Non-government organisations (NGOs) that make up the sector have responded rapidly to emerging and changing needs by providing information on COVID-19 prevention, distributing food parcels, undertaking welfare checks, and finding new ways to support individuals and families facing complex issues.

The sector makes a significant contribution to the NSW economy, employing approximately 85,000 people.[i] It is part of the broader Healthcare and Social Assistance sector which represents 6% of the NSW economy,[ii] contributes more than $37.38 billion in services each year, and is larger than the mining, [iii] manufacturing, retail, and education and training sectors.[iv] Health Care and Social Assistance is also NSW's fastest growing industry due to the increased demand for community-based support.[v]

Organisations in the community sector have long been reporting increasing demand and declining finances. Without renewed commitment to these vital assets, many risk becoming unviable. The recent crisis has more than demonstrated their value - now is the time to renew the investment.

An urgent need

The economic impact of the COVID-19 pandemic has seen unemployment in NSW grow to a peak of 7.2% in June 2020, when 306,000 people were out of work. While recent improvements in employment are encouraging, unemployment is still at 6.4% with more than 277,000 people in NSW unemployed as of December 2020[vi], 82,200 more than was the case in December 2019.

The ongoing impact of the pandemic will lead to further increases in unemployment, accompanied by rising housing stress, psychological distress, and disproportionate impacts for vulnerable populations and regions in NSW already experiencing persistent disadvantage.[vii] The withdrawal of the COVID-19 JobSeeker supplement and other financial supports at end March 2021 is projected to see an increase of 99,000 people in poverty in the Sydney region alone.[viii] Modelling predicts an increase of 27,447 children at risk of neglect across NSW[ix], increases in the rates of domestic and family violence in some regions[x] and an additional 9,000 people experiencing homelessness by June 2021.

Initiatives implemented by the NSW Government have helped to address some of the immediate challenges of the COVID-19 crisis. The partnership between the NSW Government and the community services sector during COVID-19 has demonstrated that where there is both the will and adequate resourcing, we can work together to protect and support vulnerable people.

Challenges remain – NSW was experiencing unacceptable rates of poverty and disadvantage, and the uneven distribution of this across NSW, prior to COVID-19. The economic and social impacts of the pandemic will put further pressure on communities and the organisations that support them.

NSW needs an economic recovery strategy that puts people and community at its heart. This Pre-Budget submission asks the NSW Government to prioritise measures that will:

- Support the ongoing provision of essential services by ensuring a viable community services sector; and
- Respond to rising disadvantage, strengthen the social safety net and provide jobs by bolstering funding for Specialist Homelessness Services and the construction of social housing.

Our approach

Within such a challenging environment, the role of the community services sector will be pivotal, and targeted investment to respond to growing demand a priority. This targeted investment must be informed by a more transparent understanding of where we are currently investing and how that has changed over time.

Previous requests by NCOSS for more detailed information than what is presented in NSW Budget Papers have been unsuccessful. In response, NCOSS constructed its own time-series dataset.

This involved compiling data on a subset of grant allocations made to community organisations by the then NSW Department of Families and Communities, or FACS (now subsumed into the Department of Communities and Justice - DCJ), as listed in relevant Annual Reports from 2014-15 to 2018-19. (Data provided in the 2019-20 DCJ Annual Report has not been included due to its late release and changes in how funding is reported.)

The dataset did not include funding to the more specialised, identifiable program areas of child protection services, out-of-home care and Specialist Homelessness Services. For continuity over the relevant time period and to ensure comparisons of 'like with like', it also did not include funding allocations made to community organisations by the 'non-FACS' components of DCJ, for example, funding for specialist domestic violence services and Community Legal Centres was excluded.

The dataset and related analysis focused on a subset of grant allocations, being those services that are considered more universal, multipurpose and local in nature, including neighbourhood centres, family support services, volunteer groups, youth services and the like.

Aggregating the funding allocated by different 'service type' year-on-year allowed for a system-level perspective on funding trends for the time period examined.

In February 2021 NCOSS provided a copy of the preliminary analysis of NGO grant funding to the Department of Communities and Justice to verify its accuracy.

Department of Communities and Justice response

In May 2021 the Department of Communities and Justice responded to NCOSS's correspondence and stated that overall funding for the delivery of community services has continued to increase over time. As part of its response the Department of Communities and Justice advised NCOSS that the *Brighter Futures* program was reclassified from a Targeted Earlier Intervention program to a Child Protection program and that this was the reason for the apparent decline in TEI funding from 2017-18 onwards.

The information provided by DCJ, that the transfer of *Brighter Futures* in FY 17-18, is responsible for the apparent decline in reported TEI revenue, is clearly accurate. It is noted that the government committed $63m in funding to this program in FY 17-18[xi] and that the decline in TEI reported funding FY 17-18[xii] was offset by an equivalent increase in reported grant funding under the Child Protection service type.

Accordingly, the ‘missing’ $91.2m funding identified in NCOSS’s original submission is accounted for by the transfer of the *Brighter Futures* program to the Child Protection service type. Following the receipt of this additional information NCOSS has revised its submission to reflect the transfer of funding.

Appendix 1 sets out the methodology for building the dataset and undertaking the analysis in detail.

Our Pre-Budget submission is also informed by previous research conducted by NCOSS, other available evidence, and feedback obtained through consultations with member organisations.

The findings add to the picture of community organisations on the brink, and underpin the crucial need for targeted investment into the sector, as per our recommendations.

Recommendations

1. Support the ongoing provision of essential services by ensuring a viable social and community services sector

Inject additional funding into the community services sector to maintain service continuity as demand rises, support those most in need and contribute to NSW's economic recovery.

Preliminary results from NCOSS analysis of its dataset for an identified subset of grant allocations provided to NGOs by FACS, from 2014-15 to 2018-19, is revealing. It suggested that funding to these organisations had declined over time with an estimated reduction in grant allocations over the period examined in the order of $91.2 million.

The organisations in question - that make up the subset examined for the purposes of this submission - are the neighbourhood centres, youth and family support services, local volunteer groups and others based in local communities throughout NSW. They are often considered 'soft entry points' and are at the frontline when disaster strikes; they can be the last port of call when vulnerable people are unable to access support from other service systems (such as aged care, mental health and disability support), and they have been expected to 'pivot' in response to changing need and surging demand.

In NCOSS's initial submission it was noted that the 'missing' $91.2 million funding may reflect grants that were short-term in nature and always due to end; or that the money has been diverted elsewhere in the system. In May 2021 the Department of Communities and Justice confirmed that the 'missing' $91.2 million reflected the reclassification of a major Targeted Earlier Intervention program under the Child Protection service type. The reclassification of the *Brighter Futures* program as Child Protection expenditure and accompanying funding followed its retargeting to focus on children at risk of significant harm.

While the receipt of further information is welcome, the absence of detailed reporting on funding and program changes in the Department's Annual Reports is concerning. The lack of information provided in Budget Papers and Annual Reports makes it impossible to know what has occurred with sector funding with a reasonable degree of accuracy and has the potential to diminish sector confidence in official accounts.

Our analysis however accords with the consistent feedback from the sector and our member organisations that over time, funding levels have stagnated and they are increasingly expected to do 'more with less'. The results of our analysis suggest that this is indeed the case, with limited evidence of additional resourcing flowing to parts of the sector despite increasing demand pressures.

Other evidence adds to this picture. The financial vulnerability of the community services sector was highlighted in a recent national financial health check of 16,000 charities across Australia, indicating that many were struggling before the crisis.[xiii] This correlates with NCOSS analysis which estimates that 17.3% of NSW NGOs are at high risk of failure as they have insufficient financial assets to support more than six months of operations, with a further 11.9% vulnerable to this outcome. Organisations have also reported falls in philanthropic, corporate and private donations, in some cases by up to 50%.

Many community organisations in NSW are now reliant on JobKeeper payments to stay afloat in the face of loss of key revenue streams. Once JobKeeper ends on 31 March 2021, these services will face a struggle to survive.

Rising demand

As well as declining revenues and financial struggles, the community services sector faces the day-to-day challenge of rising demand. Quantitative data measuring demand for services is not routinely or readily captured across the breadth of the sector in NSW. However, where it is, the indications are stark.

Recent data from the Productivity Commission highlights that for 2019-20, 46.9% (21,790) of people experiencing homelessness in NSW were unable to access crisis accommodation, up from 34.2% in 2015-16.

Other national data discussed elsewhere in this submission sheds light on why this might be the case, with NSW's Specialist Homelessness Services supporting 26% more clients than they were funded to support for 2019-20. The evidence tells us that rising homelessness places significant added pressure on our health and social services systems.[xiv]

NCOSS consultations as input to the NSW Government's *A Housing Strategy for NSW - Discussion Paper* clearly highlighted the strain that the lack of both crisis accommodation and permanent housing puts on the rest of the service system, through ongoing domestic violence, mental health issues, parenting challenges, child protection risks and other crisis situations.[xv] In this sense, rising homelessness serves as a proxy measure of increased demand across the community services sector.

Consultations undertaken to inform this Pre-Budget submission have emphasised rising demand as a result of the COVID-19 economic downturn further contributing to a service system struggling to cope.

COVID-19 and increasing demand A Community Centre in the Hawkesbury Local Government Area provides multiple programs including free psychological and counselling services, information and referral services and emergency food relief. Since COVID-19 it has been dealing with significantly higher levels of demand, with its psychological and counselling services seeing a 46% increase in new clients for 2020. The demand for food relief has also increased, with the Centre providing more than double the number of hampers in 2020 compared to 2019. The Centre is struggling to deal with this increase in demand. Although it has been able to respond so far through its volunteers and staff going 'above and beyond', this is unsustainable. It estimates that volunteers are working on average 8-20 hours a week (with some volunteers on the food program working 70 hours per week) and that staff can work up to 15-17 hours a week unpaid. A compounding problem is that, from 2021, the Centre is now contractually obliged to focus its efforts on assisting families with children at risk of entering the child protection system. Yet

individuals and families who don't fit this cohort continue to seek assistance – including those experiencing homelessness, domestic violence, or struggling with mental health challenges.

DCJ has advised the Centre to refer these requests for support to organisations in receipt of specialist funding to provide the relevant assistance. But such organisations are not available in the Hawkesbury area and in the absence of appropriate support from elsewhere, the Centre struggles to turn away people in such desperate circumstances.

Throughout COVID-19 the Centre has also lost $19,500 in revenue due to the closure of its social enterprise. This drop in revenue, coupled with increasing demand is putting the Centre, its staff and volunteers under significant pressure.

Set indexation consistently so that it reflects the real cost of delivering services – at least 3% for the duration of existing contracts.

The current rate of indexation of 1.4% incorporated into DCJ's funding agreements with community organisations is inadequate and does not reflect the real increase in the cost of service provision. It is below the minimum wage increase of 1.75% determined by the Fair Work Commission in its National Minimum Wage Order 2020. It is also inconsistent with the 1.75% indexation provided to NSW Health-funded non-government organisations.

Indexation should be increased to reflect the real cost increases experienced. These include mandated wage increases, increases in rent, electricity, council rates, travel and vehicle maintenance as well as professional development and supervision. The sector cannot absorb ongoing cost increases in the absence of any countervailing increase in revenues.

Year-on-year inadequate indexation arrangements undermine service delivery. Organisations report reducing staff hours, making positions redundant, decommissioning elements of their community programs and subsidising government-commissioned services through other funding sources such as philanthropic grants.[xvi] This erosion in resourcing associated with inadequate indexation is not trivial and consistently undermines the capacity of the sector to support community wellbeing. It also diminishes the capacity of the community services sector to respond to shocks, whether these arise from natural disasters or economic downturns.

In the short-term, setting indexation at a minimum of 3% will help to alleviate the impact of cost pressures on the sector and provide some flexibility for those organisations facing immediate financial constraints.

Lack of funding to cover the real cost of service provision

A service in the remote Far West receives funding from DCJ and Fair Trading to deliver counselling services to the region. Both contracts are just enough to cover the wages of counsellors. Funding does not cover the actual cost service delivery, including administrative and operational costs such as office space, energy, telecommunication, information technology, professional development and training.

Over the past eight months, the organisation has experienced a 40% increase in demand and a 15% increase in costs. To keep their doors open, 70% of the operational costs are subsidized by revenue generated by the business arm of the organisation. There is also heavy reliance on volunteers. COVID-19 has placed significant pressure on the organisation as the business side was forced to close which meant a loss of vital revenue. JobKeeper is now keeping it afloat.

Unless there are significant changes to how organisations are funded to deliver services, this organisation believes there is a real chance it will be forced to close its doors sometime in the future, just like other small community organisations in the area, such as the local Skills Centre and the Youth Accommodation Support Service.

Work with the sector to develop an independent, robust, consistent process for setting indexation.

To ensure the long-term financial sustainability of the sector, greater certainty and transparency must be brought to the indexation-setting process. As highlighted above, reliance on cost indices, such as CPI, does not reflect the real, increasing costs faced by the sector.

The cost structure of a community organisation does not align with the 'basket' of goods and services typically purchased by a consumer or household, which makes up the CPI. For example, electricity prices have increased by 18% since 2015, with property rates and charges increasing by 12%.[xvii]

Indexation based on the true cost escalation faced by the sector requires the development of an independent, robust, consistent process, drawing on the technical capability of the Government and knowledge and expertise of the sector.

Provide funding certainty and continuity for essential services that meet performance requirements and standards via seven-year contract terms.

Funding for the community services sector must shift to reflect the long-term commitments required for community services to be delivered effectively. The services provided are complex and require enduring engagement with local communities in order to be delivered. Much of the value derived from the sector stems from its strong and long-standing relationships with disadvantaged and vulnerable communities, and its ability to work collaboratively to achieve positive change.

Short-term funding cycles are disruptive to the provision of essential services and entail transaction costs to both government and the community service sector,[xviii] redirecting finite resources away from more efficient and productive uses. They also undermine the ability of community organisations to undertake service planning, sustain their operations, and retain staff.

These costs are not insubstantial and were reflected in the recommendation of the Productivity Commission in 2017 that contract terms for community services be extended to seven years.[xix]

Implement a second round of the Social Sector Transformation Fund to enable a broader range of organisations adapt and modernise their operations so they remain efficient, effective and viable

40% of community sector organisations have identified the transition to digital service models as critical to their ability to meet rising demand over the next twelve months.[xx]

The NSW Government's commitment to building the capacity of the sector through the Social Sector Transformation Fund (SSTF)[1] in the 2020-21 NSW Budget is a good start. The SSTF addresses the need for financial support to enable investment in capacity building, systems/technology enhancement, and/or business strategy development.

Research undertaken by NSW Treasury indicates that while the community services sector is a significant contributor to the economy, its productivity growth has lagged behind other sectors.[xxi] While this reflects the difficulties associated with the measurement of services that are often intangible or non-market services, it also reflects underinvestment in capital expenditure in the sector be it for software, equipment or systems re-engineering.

The lack of capital funding in the community services sector has prevented it from undertaking transformational projects that have the potential to significantly enhance productivity. An ongoing commitment to invest in capital or other business enhancements is essential to leveraging the existing capacity of the sector to maintain and improve service delivery.

While an important step forward, the current SSTF will only go only part-way to meeting the considerable investment gap that has emerged over many decades. The deficits faced by the sector in terms of equipment, technology and systems are significant. They reflect historic funding shortfalls and the absence of dedicated capital expenditure in contracts.

A second round of the SSTF provides an opportunity to expand support to a larger pool of community organisations. Medium sized organisations, with limited cash-reserves and borrowing capacity, are often constrained in their ability to invest in productivity enhancing equipment and systems. An expansion of the SSTF would allow them, including those with over $5 million in revenue per annum, to improve their processes.

Below is a typical story told to NCOSS by member organisations whose operations have expanded but lack fit-for-purpose supporting infrastructure:

Case study – the need for upgraded information technology and other systems

"We are what would be described as a medium-sized community organisation with a long-standing presence in a regional area of NSW providing support to vulnerable children, young people and families. Over the years we have expanded in response to local need, successfully winning additional contracts because of our good reputation and strong track-record.

We now run multiple services under a multitude of different Government programs so it's a complex business. And it is always a juggling act. Each year we try to stretch our limited budgets and reorganise our services to pay adequate wages, cover operating expenses and keep the doors open, within the available funding envelope.

[1] https://www.dcj.nsw.gov.au/news-and-media/media-releases/$50-million-boost-to-charities-and-not-for-profits

We are always looking for ways to be more efficient and to find extra dollars from donations and support from local businesses, but we have also had to resort to cutting staff hours and reducing service levels because Government funding is never enough to cover our operating costs. I don't think there is any real understanding that when you are regionally based and serving a large geographical area, the cost and time involved in travelling to outlying communities is huge.

So not surprisingly we don't have funds left over to invest in new technology or to upgrade our IT systems and improve our business processes. These things would make a real difference because what we have in place is so out of date and inefficient. Upgrading our system and buying new equipment for staff would ease the pressure and reduce our administration costs, but we just don't have the funds."

2. Respond to rising disadvantage, strengthen the social safety net and boost jobs by bolstering funding for Specialist Homelessness Services and the construction of social housing

Increase funding to Specialist Homelessness Services by 20% so that providers can respond to existing and future demand and keep vulnerable people safe and supported.

Access to crisis accommodation is critical to ensuring the safety of those who are homeless with nowhere to go. But the specialist homelessness services sector in NSW is stretched beyond capacity.

In 2019-20 SHSs supported 70,300 clients,[xxii] 26% more than they were funded to support.[xxiii] While NCOSS analysis shows that SHSs have received incremental funding increases averaging 5% over the last five years, this has not matched increasing demand. These issues pre-date the COVID-19 crisis, with the economic downturn predicted to place further pressure on services as an additional 9,000 people face homelessness in the coming months.[xxiv]

Since 2015-16, FACS/DCJ funding of homelessness services has increased by 15% from $225.5 million to $259.4 million in 2018-19.[xxv] However, over the same period, inflation increased by 4.38% and the population grew by 5.4%.[xxvi] Accordingly, while in nominal dollar terms funding has increased by 15%, the real increase in funding adjusting for inflation and population growth is around 5% or 1.25% per annum.

Since 2015-16, the number of people experiencing homelessness who are unable to access accommodation each year has increased from 15,471 to 21,552.[xxvii] The proportion of people experiencing homelessness who are unable to access accommodation services has similarly increased from 34.2% of clients to 45.2%.[xxviii] These outcomes are unsurprising in the context of rising disadvantage, and the real cost of service provision outpacing funding increases.

Investing in specialist homelessness services is sound economics, with estimates by KPMG and SGS Economics indicating benefits of $2.80 to $9.30 depending on the nature of the service funded.[xxix] The return on investment outstrips that of most major infrastructure projects and meets and exceeds existing NSW Government benchmarks for assessing investments by several orders of magnitude.[xxx]

Build 5,000 additional units of social housing every year for the next 10 years so that those experiencing or at risk of homelessness have a safe and secure place to call home; and

Invest $500 million in an expanded repair and maintenance program for existing social housing stock, improving wellbeing and providing jobs across NSW.

NSW has suffered from a chronic shortage of social and affordable housing for decades. This has seen the waiting list for social housing increase to more than 50,000.[xxxi] With an additional 88,000 low-income households projected to suffer from housing stress by June 2021 when Federal Government COVID-19 income support measures cease, investing in social and affordable housing has the potential to alleviate financial and psychological pressure for NSW's most vulnerable residents.[xxxii]

Government investment in housing has lagged in recent years, with capital investment in housing of $370m in 2019-20, well below the 5-year peak of $554.3m in 2015-16.[xxxiii] While the recent announcement of $812 million for the construction and maintenance of social housing is an important step forward, it remains a fraction of the investment required.

The COVID-19 crisis has seen a significant increase in the number of households experiencing housing stress as unemployment has risen. Modelling predicts that by June 2021, 528,000 households in NSW may have only one or no income earner,[xxxiv] leaving many in housing stress.

Investing in social and affordable housing will provide significant direct and indirect economic benefits. Constructing 5,000 social housing units is predicted to support 18,000 jobs in the residential construction sector at a time when unemployment is forecast to increase in the sector to 23.5%, with 85,000 jobs lost.[xxxv]

While investment in 5,000 additional social housing units each year would cost $1.88 billion per annum,[xxxvi] over the decade it would provide estimated economic benefits of up to $33.84 billion, with every dollar spent providing up to $1.80 in direct economic benefits.[xxxvii] However, the overall benefit is likely to be higher, noting the considerable potential savings associated with reducing homelessness, which costs in the order of $27,500 to $35,000 per person per year in health and social services expenditures.[xxxviii]

At a time of record-low interest rates, and significant and growing disadvantage, the case for increasing investment in both specialist homelessness services and social housing is extremely strong. Inaction will see rising economic and social costs, with the cost of action effectively zero as the NSW Government continues to be able to access financing at rates below the pace of inflation.

Contact

Joanna Quilty
Chief Executive Officer
Phone: 02 8960 7907
Email: Joanna@ncoss.org.au
Suite 301, Level 3, 52-58 William St, Woolloomooloo NSW 2011
www.ncoss.org.au

Methodology

Many non-government organisations in NSW consistently report to NCOSS that they are under pressure to move to delivering more specialist support in order to receive funding and that costs of service provision have increased beyond their funding. However successive budget papers have failed to provide the level of detail required to track funding of the community services sector in NSW.

The absence of consistent reported data on funding of the community services sector in NSW has provided the impetus for an investigation of possible sources of information to track and analyse sector funding over time.

The largest funder of non-government organisations in NSW is the (former) Department of Family and Community Services (FACS) (now incorporated within the Department of Communities and Justice (DCJ)). An analysis of information in FACS Annual Reports has been undertaken. This focussed on volume 3 of Annual Reports between 2014-15 and 2018-19, containing detail on funds allocated to non-government organisations. A data set was created by extracting this information as set out in the relevant schedules.

In selecting reported service types to create a dataset the intention was to capture the more universal, less specialised ‘service types’ provided by funded non-government organisations. Specialist services, such as child protection, out of home care, social housing and homelessness services, were excluded from the data set. A separate analysis of these service types is underway but this data was not used for this analysis.

The analysis was limited to publically available information on grants to non-government organisations reported by FACS between 2014-15 and 2018-19.

The data provided in the 2019-20 Department of Communities and Justice Annual Report has not been included in this analysis. The release of the DCJ report in December 2020 and the changes to reporting of funding, arising from the machinery of government changes, prohibited analysis within the time frame available.

There is no assumption that reported ‘service type’ necessarily reflects that services delivered by recipient organisations.

There were 72 recipient organisations reported in 2014-15 under the ‘domestic violence’ service type. Twenty one of these organisations received grants of $50,000 or more with the majority receiving grants of 1000 (n=45). It was assumed that these grants were for one off community based prevention activities.

In 2015-16 there were 1233 recipient organisations under the Targeted Early Intervention (TEI) service type. This was an increase from 480 in 2014-15. Recipient organisations included sports clubs, neighbourhood centres, parents and citizens associations and other local community groups. For some of these organisations, it is considered unlikely that they were delivering targeted intervention programs and more likely that they have been reported under the TEI service type for administrative purposes.

Organisations reported as being funded under targeted early intervention, domestic violence and, later, community support and development service types represent the board range of services, including non-specialist services, available to people in NSW. Funded organisations include neighbourhood centre and groups, community centres, volunteer groups, charities and culturally and linguistically diverse community associations.

The data was analysed by collating grant allocations to recipient organisations to construct a time series. This process entailed some minimal data cleaning, including the consolidation of funding data where entity names were inconsistently recorded e.g. 'NCOSS' versus 'NSW Council of Social Service'.

No modifications were made to the underlying data, and accordingly, the data set reflects nominal funding by FACS and variations in funding attributable to a range of factors including machinery of government changes, changes to criteria and definitions of funding programs, new policy initiatives and consolidation of funding programs. The time series were then analysed to identify changes in program funding and trends in the funding over the five-year period. In constructing estimates of funding changes, related programs were grouped in order to provide a system-level view of funding for service areas over time.

A technical paper outlining the process that NCOSS has undertaken to develop its time series dataset provides more detail on the methodology and will be available on request.

---

[i]. Equity Economics calculations based on Deloitte Access Economics (2017), *Economic Contribution of the Australian Charity Sector, Australian Charities and Not-for-profits Commission*

[ii]. NSW Treasury, 2021, *Projecting Long Run Productivity Growth Rates for the 2021 Intergenerational Report,* TTRP 21-02, <https://www.treasury.nsw.gov.au/sites/default/files/2021-01/2021_igr_ttrp_-_projecting_long_run_productivity_growth_rates_for_the_2021_nsw_intergenerational_report.pdf>

[iii]. Gross state-product was $622.3 billion in 2019-20, applying treasury estimates of the percentage of GSP represented by the sector yields the figure $37.38 billion in 2019-20; NSW Treasury, Budget Paper No. 1 – Budget Statement 2020-21 Budget, D-4 <https://www.budget.nsw.gov.au/sites/default/files/2020-11/Budget%20Paper%20No.%201%20-%20Budget%20Statement%20-%202020-21%20Budget_1.pdf>.

[iv]. NSW Treasury, 2021, *Projecting Long Run Productivity Growth Rates for the 2021 Intergenerational Report,* TTRP 21-02, <https://www.treasury.nsw.gov.au/sites/default/files/2021-01/2021_igr_ttrp_-_projecting_long_run_productivity_growth_rates_for_the_2021_nsw_intergenerational_report.pdf>

[v] NSW Government, *Health Care and Social Assistance – Work Health and Safety Plan to 2022*

[vi]. Australian Bureau of Statistics 2021, *Labour Force, Australia, Detailed – December 2020*, cat. 6291.055.001.

[vii]. Equity Economics 2020, A Wave of Disadvantage Across NSW: Impact of the COVID-19 Recession,

[viii]. Grudnoff, M 2020, *Poverty in the age of coronavirus - New South Wales*, Australia Institute, Sydney, viewed 10 August 2020, <https://www.tai.org.au/sites/default/files/Poverty%20in%20NSW%20%5BWEB%5D.pdf>.

[ix] Equity Economics 2020, A Wave of Disadvantage Across NSW: Impact of the COVID-19 Recession

[x] Equity Economics 2020, A Wave of Disadvantage Across NSW: Impact of the COVID-19 Recession

[xi] Department of Family and Community Services 2018, *Annual Report 2017-18*, *Volume 1,* p. 20.

[xii] Department of Family and Community Services 2018, *Annual Report 2017-18*, *Volume 1,* p. 15.

[xiii]. SVA and CSI (2020). Will Australian charities be COVID-19 casualties or partners in recovery? A financial health check.

[xiv] Equity Economics 2020, Supporting Economic Recovery in NSW: investment in social and affordable housing is critical to supporting jobs today and families into the future, p.5

[xv] NCOSS, 2020, *A Housing Strategy for NSW – Submission to Discussion Paper,* p.15-16

[xvi]. NCOSS 2019, *Impacts of reduced indexation for community service organisations in 2019/20 State budget – case Studies,* https://www.ncoss.org.au/wp-content/uploads/2020/08/Impacts-of-reduced-indexation-for-community-service-organisations-final_0.pdf

[xvii]. Australian Bureau of Statistics, 2021, *Consumer Price Index, Group, Sub-group and Expenditure, Class, Index Numbers by Capital City*, < https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release>.
[xviii]. Coase, R 1937, *The Nature of the Firm*, Economic, vol. 4, no. 16, pp. 386-405.
[xix] Productivity Commission 2017, Introducing competition and informed user choice into human service: reforms to human services, No.85, 27 October 2017, available at: https://www.pc.gov.au/inquiries/completed/human-services/reforms/report/ human-services-reforms.pdf
[xx]. Equity Economics 2020, A Wave of Disadvantage Across NSW: Impact of the COVID-19 Recession, p.45
[xxi]. NSW Treasury, 2021, *Projecting Long Run Productivity Growth Rates for the 2021 Intergenerational Report,* TTRP 21-02, <https://www.treasury.nsw.gov.au/sites/default/files/2021-01/2021_igr_ttrp_-_projecting_long_run_productivity_growth_rates_for_the_2021_nsw_intergenerational_report.pdf>
[xxii]. https://www.aihw.gov.au/getmedia/c1ce917d-9812-459d-967d-0d2a027f70c0/aihw-hou-322-nsw-factsheet.pdf.aspx
[xxiii]. https://www.homelessnessnsw.org.au/sites/homelessnessnsw/files/2020-12/Joint%20Media%20Release%20HNSW-DVNSW-Y%20-111220-AIHWMedia%20Release%20v2_0.pdf
[xxiv] Equity Economics 2020, A Wave of Disadvantage Across NSW: Impact of the COVID-19 Recession, p. 6
[xxv]. Department of Communities and Justice, Annual Reports 2015-2019; figures are in 2018-19 dollar terms.
[xxvi]. Productivity Commission 2021, Report on Government Services 2020.
[xxvii]. Productivity Commission 2021, Report on Government Services 2020.
[xxviii]. Productivity Commission 2021, Report on Government Services 2020.
[xxix]. Witte, E 2017, *The case for investing in last resort housing*, The University of Melbourne, Melbourne; KPMG 2018, *Investing to Save: The Economic Benefits for Australia of Investment in Mental Health Reform*, Mental Health Australia, Sydney, p. 45.
[xxx] NSW Productivity Commission 2020, *Productivity Commission Green Paper*, Sydney, p. 203.
[xxxi]. FACS 2018, Expected waiting times, available at: https://www.facs.nsw.gov.au/ housing/help/applying-assistance/expected-waiting-times
[xxxii] Equity Economics 2020, A Wave of Disadvantage Across NSW: Impact of the COVID-19 Recession, p. 2
[xxxiii]. Productivity Commission 2021, Report on Government Services 2020, Housing, Table 18A.1
[xxxiv] Equity Economics 2020, A Wave of Disadvantage Across NSW: Impact of the COVID-19 Recession, p. 17.
[xxxv]. Equity Economics 2020, Supporting Economic Recovery in NSW: Investment in Social and Affordable Housing is Critical to Supporting Jobs Today and Families into the Future, p. 10.
[xxxvi] Equity Economics 2020, Supporting Economic Recovery in NSW: Investment in Social and Affordable Housing is Critical to Supporting Jobs Today and Families into the Future, p. 12.
[xxxvii] Equity Economics 2020, Supporting Economic Recovery in NSW: Investment in Social and Affordable Housing is Critical to Supporting Jobs Today and Families into the Future, p. 12.
[xxxviii] Equity Economics 2020, Supporting Economic Recovery in NSW: Investment in Social and Affordable Housing is Critical to Supporting Jobs Today and Families into the Future, p. 12.