

Submission to the Inquiry on

# **Inquiry into the government service delivery standards in regional NSW**

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27 February 2026  
Final Submission

## Executive Summary

NCOSS thanks the Committee for the opportunity to provide a submission on government service delivery standards in regional NSW. As the peak body for the non-government health and community services sector, we represent organisations that are the primary safety net for communities facing poverty and disadvantage.

This submission focuses on two specific Terms of Reference:

- (c) Differences in government service delivery standards between metropolitan and regional areas.
- (d) Options to improve monitoring, evaluation and reporting.

The social service sector in regional NSW is facing a perfect storm. Demand for support is surging, driven by the cost-of-living crisis and repeated natural disasters, yet the systems designed to support these communities are not meeting their needs.

Regional organisations are battling a "regional penalty." They face higher costs to deliver services across vast distances, a workforce crisis with vacancies double that of Sydney, and funding contracts that fail to account for the reality of disaster recovery. Furthermore, the current monitoring frameworks emphasise administrative compliance over community outcomes, wasting precious resources that should be directed to the frontline.

To achieve equity between metro and regional NSW, we urge the Government to recognise the unique characteristics of the regions and reform a service delivery structure so that it genuinely mitigates disadvantage affecting regional communities.

This submission contains the voices of NCOSS members and sector partners in regional NSW. It outlines the unique needs of regional communities that are only partially being met by government services, and the struggles of NGOs to address the resulting gap to support their communities. The submission includes recommendations based on the long-term service practice and experience of regional NGOs.

## Key findings

1. There are significant unmet community needs in regional, rural and remote NSW.
2. Services are becoming increasingly centralised and standardised, and program design is too often metro-centric, failing to meet the needs of regional communities.
3. Funding models fail to adequately account for geographical differences in the cost of service delivery
4. Workforce shortages are substantial and exacerbate regional disadvantage
5. Climate change and disasters have disproportionate and ongoing impacts on regional communities, and this is not sufficiently accounted for in funding approaches. In addition, the social sector is not sufficiently embedded in emergency and disaster management systems.
6. There are opportunities to improve reporting, monitoring and evaluation.

## Summary of Recommendations

1. **Invest in critical social infrastructure to meet unmet community need in regional NSW.** This includes resourcing and coordinating neighbourhood centres, youth hubs, domestic and family violence supports, health supports and child and family supports.
2. **Shift to place-based commissioning.** Devolve decision-making to regional governance structures involving local NGOs, councils, and community leaders to ensure services fit local needs.
3. **Invest in vital transport and digital infrastructure** to fill the gaps in regional NSW.
4. **Embed a 'regional loading' in funding contracts.** Account for the true cost of regional service delivery in funding contracts, including sufficient investment for travel time, fuel, and higher insurance premiums.
5. **Invest in a regional workforce strategy.** Design a targeted, whole-of-government approach to address significant workforce issues in regional NSW. This might include targeted incentives (e.g. key worker housing; better pay; travel allowances) to attract and retain social sector workers.

6. **Build long-term community resilience by embedding formal, funded partnerships** between disaster authorities, government departments, social services and local councils and incorporate disaster management into business as usual operational processes.
7. **Reform compliance framework for regional area services** to facilitate proportionate, place-based and adequately resourced accountability processes

## Detailed Commentary

### 1. There are significant unmet community needs in regional, rural and remote NSW

Figures from 2021 estimated that there were more than 995,000 people in NSW living with significant economic disadvantage – below the poverty line<sup>1</sup>. Poverty is more widespread in rural and regional NSW with an average poverty rate of 13.7% of people compared to 13.1% in Greater Sydney. Poverty had markedly different impacts for specific cohorts, shown below:

- Young People – 25% higher than in Greater Sydney
- Men – 30% more likely to be living in poverty
- Unemployed – 86% higher
- Single Parents – 39% higher
- Children under 15 – 22% lower.

In some areas across NSW, the rates of poverty rates deepening significantly between 2016 and 2021. The Riverina experienced the most significant increase, with rates in Hay rising by 45%. In the Hunter New England region, poverty rates exceed the state average, reaching 23% in Taree and 25% in Newcastle-Cooks Hill.

Regional NSW residents on low incomes experience more stressors associated with housing, rising costs (e.g. transport and groceries), social isolation, and access to essential wellbeing services compared to those in Greater Sydney<sup>2</sup>. Respondents to

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<sup>1</sup> Vidyattama, Y., Brown, L., Tanton, R., and NSW Council of Social Service (NCOSS). (2023), Mapping Economic Disadvantage in New South Wales, 2021. NATSEM, Faculty of Business, Government and Law, University of Canberra. Report Commissioned by NCOSS.

<sup>2</sup> NCOSS (2024) Impossible Choices: Decisions NSW communities shouldn't have to make

NCOSS research highlight the unique financial and social pressures faced by regional communities, often exacerbated by limited access to services compared to urban areas.

A lack of sufficient access to health services in regional areas adds yet another layer of disadvantage, further entrenching social and financial pressures. Almost 1 in 10 (9%) people in regional NSW are waiting long periods for public dental appointments, compared to only 4% of Greater Sydney. More than one-quarter (28%) in regional NSW visited the ED because their GP was unavailable, compared to 20% in Greater Sydney. For example, in the Murrumbidgee region, 32% of residents visit the Emergency Department because a GP was unavailable—significantly higher than the NSW average of 23%. Similarly, in Hunter New England, over one-third of residents in some areas rely on EDs for primary care<sup>3</sup>.

Regional communities experience barriers to other health services. Community services workers report that the cost and availability of disability services places them beyond the reach of many clients. Assessments required for the NDIS can cost thousands of dollars, and access to psychiatrists is often unaffordable. In addition, there is a critical shortage of allied health professionals, including occupational therapists, in many regional areas.

These are examples of the many disadvantages and service gaps in regional NSW. To address them, regional organisations in NSW increasingly serve as "providers of last resort," stepping in to fill critical gaps left by standard government services that are often inaccessible or non-existent in regional areas.

Local community centres act as vital intake and referral hubs, delivering trauma-informed crisis responses for complex needs when funded programs are located too far away to be effective. These NGOs also play a crucial role in helping residents navigate complex bureaucratic systems, such as interpreting service models or applying for disaster grants. In the absence of collaborative government leadership, local services take the initiative to form informal interagency responses to prevent vulnerable clients from falling through the cracks. Additionally, these organisations fill significant infrastructure voids by providing essential social connection, food distribution, and financial aid in regions where government health, aged care, and homelessness systems remain out of reach.

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<sup>3</sup> Vidyattama, Y., Vu, X.-B. B., and Cain, E. (2024), Access Denied: Australians Locked Out of Quality Healthcare, Faculty of Business, Government and Law, University of Canberra. Report Commissioned by NCOSS.

## **Recommendation 1**

### **Invest in critical social infrastructure to meet unmet community need in regional NSW.**

This includes resourcing and coordinating neighbourhood centres, youth hubs, domestic and family violence supports, health supports and child and family supports.

## **2. One size does not fit all – services are increasingly centralised and standardised**

Our members report that government services are increasingly difficult to access in regional areas due to increased centralisation, which is further compounded by barriers to accessing these supports. A community services organisation summed up the issue as follows:

*"Bureaucrats in Sydney making decisions on service delivery in the regions with no understanding of the demographics, needs, limitations, infrastructure, transport and reality of life in regional communities."*

We regularly hear that centralisation of services in regional hubs has made it more difficult for rural and remote communities to engage with support in a timely and culturally sensitive manner. When services are centralised to larger population centres, community members are excluded as they cannot access it due to transport costs, time requirements, or a lack of reliable public transport. Per one NCOSS member:

*centralisation and standardisation of funding... can deprive communities of what they really need.*

This centralisation of services can also lead to a reliance on 'outreach services'. While outreach services can be appropriate in some circumstances, such as remote areas, over-reliance on outreach leaves communities without necessary supports. They are generally limited to specific days and times, which mean that many people miss out.

*Larger services and funding bodies seem to think that as long as they offer outreach in smaller/isolated towns the problem is solved – but there are problems with accessing outreach when it is not co-ordinated and is very very limited.*

*Participant, NCOSS Regional Forum Taree, 2023*

Rigid, one size fits all rules set by government departments often fail to account for regional and demographic contexts. An example of policy designed with a 'metropolitan lens' is explained by a service provider in northern NSW:

*NCAT has a blanket "2 hour/200km rule" where if you live within 2 hours or 200km of the hearing venue. In some regional towns, there may only be 2-4 bus services a week from a small town to the larger town where the hearing is. So, for someone who doesn't have a vehicle, this sometimes means having to pay hundreds of dollars in bus fare, 1-2 nights' accommodation, meals etc just to attend a 15-minute hearing. This is money these people often don't have, and as a result they cannot attend their hearing and orders get made against them in their absence. This happens far, far, far too often.*

Centralisation and standardisation of services coexist with competitive tendering and procurement practices that can exclude local services with strong community ties. Current procurement processes can advantage larger providers with dedicated business development capacity over smaller, local community organisations with deep knowledge and experience in responding to local needs. Competitive tendering approaches can also reduce the ability to collaborate and partner for greater impact.

One solution to these issues is place-based commissioning. Place-based commissioning is an approach that targets the specific circumstances of a place and engages local people as active participants in development and implementation, requiring government to share decision-making<sup>4</sup>.

Communities need the government to align its service delivery models and procurement practices with the unique characteristics of regional areas to provide a robust safety net and to effectively dismantle structural disadvantage. Solutions should be formulated with community-based organisations who deeply understand their community and are experienced in delivering effective interventions.

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<sup>4</sup> Victorian Government. (2023). *Place-based approaches: A guide for the Victorian Public Service*. Retrieved from <https://www.vic.gov.au/place-based-approaches-guide>

## Recommendation 2

**Shift to place-based commissioning.** Devolve decision-making to regional governance structures involving local NGOs, councils, and community leaders to ensure services fit local needs.

### 3. Deficits in regional transport and connectivity are compounding disadvantage

Government service eligibility and access rules are often designed with a Sydney or metro focused lens, assuming the presence of infrastructure such as public transport and reliable digital connectivity.

- **Transport access:** Community services workers point to a lack of reliable transport, including public and community transport as a significant cause for their clients' isolation and missing out on accessing services. For example, in rural and satellite towns there may be just one bus per day, and the cost can be a deterrent.

Workers also cited inadequate public transport as a key factor limiting client access to appropriate housing and preventing clients from attending important appointments, including court hearings, further entrenching disadvantage.

- **Digital exclusion:** Telehealth and online service portals are touted as solutions to distance. However, poor connectivity and the 'digital divide' mean many vulnerable residents cannot access these substitutes. At the same time, members report that service design too often operates on *"an assumption that everybody has computer literacy and/or access to the internet"*. Regional organisations also note that connectivity can be a problem, and inconsistent internet and mobile coverages hinders access to online information, particularly during emergencies.

A study on virtual health care in NSW found that people in regional, rural and out suburban areas were likely to have intermittent internet access that limited

video access to their health providers<sup>5</sup>. In regional communities with older populations and higher rates of disadvantage, replacing face-to-face services with websites or other digital tools can amount to a withdrawal of service.

### **Recommendation 3**

#### **Invest in vital transport and digital infrastructure to fill the gaps in regional NSW.**

Government services must incorporate assessment of current and future service access and delivery requirements to accommodate and improve the state of infrastructure in regional communities.

## **4. Funding models insufficiently account for geographical differences in the cost of service delivery**

NGO community services are doing their best to provide support to their communities, but are constrained by funding models that do not sufficiently reflect the needs of regional NSW.

Current funding approaches do not consistently account for the "distance penalty" (fuel, vehicle maintenance, travel time). Funding a service based on population density – a 'per capita' approach – can suit dense metropolitan centres, but creates a structural deficit in regional NSW. Survey feedback explicitly highlights that *'regional funding tends to be based on a per population basis and does not take into account the large distances involved in delivery rural programs'*.

For community services covering vast catchments, insufficient funding to account for the realities of regional service delivery means that more people miss out.

### **Recommendation 4**

#### **Embed a 'regional loading' in funding contracts**

Account for the true cost of regional service delivery in funding contracts, including sufficient investment for travel time, fuel, and higher insurance premiums due to climate disasters.

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<sup>5</sup> Bevis, M., Howard, A., Rawsthorne, M., Massola, C., & Joseph, P. (2023) An exploration of the experiences of virtual care in NSW. University of Sydney.

## 5. Workforce shortage exacerbates regional disadvantage

Many people join the community services sector to make a difference in people's lives but ultimately leave due to low pay and poor working conditions. As a result, the sector faces a critical shortage of skilled workers. In regional NSW, vacancies for care and welfare workers increased by 2.6 times over the five years to 2021. Demand for support workers grew by 160% in the regions, compared to relative stability in Sydney<sup>6</sup>. The Social Sector will demand an additional 62,000 jobs by 2030, including 27,000 in regional NSW<sup>7</sup>.

Attracting and keeping good staff is especially difficult in regional and rural areas, with new staff unwilling to move to regional areas, and existing staff leaving to move to the cities<sup>8</sup>. Managers are reporting that it is easier to retain existing staff than to recruit new staff. Many reported that low wages, especially in contrast to government and corporate sectors, have a significant impact on their ability to maintain good staffing levels, affecting both recruitment and retention<sup>9</sup>.

### Recommendation 5

**Invest in a regional workforce strategy:** Design a targeted, whole-of-government approach to address significant workforce issues in regional NSW. This might include targeted incentives (e.g. key worker housing; better pay; and travel allowances) to attract and retain social sector workers.

## 6. Structural reform is needed to respond to the disproportionate and ongoing impact of disasters in regional communities

Regional NSW disproportionately bears the brunt of natural disasters. According to a regional organisation, *'disasters (floods, fires) have impacted on the infrastructure having a flow down effect to the population and more so for most vulnerable communities like aged care, Aboriginal Communities, disability sector'*. The United Nations Office for Disaster Risk Reduction confirms that people experiencing poverty

<sup>6</sup>Equity Economics (2021), *The Social Sector in NSW: Capitalising on the Potential for Growth*, A Report Prepared for the New South Wales Council of Social Service, Sydney

<sup>7</sup> Ibid

<sup>8</sup> Cortis, N. and Blaxland, M. (2023) *At the precipice: Australia's community sector through the cost-of-living crisis, findings from the Australian Community Sector Survey*. Sydney: ACOSS.

<sup>9</sup> Ibid.

and disadvantage are the most impacted by disaster and have the fewest resources to recover<sup>10</sup>.

Social service organisations play a critical role in providing disaster support, bringing considerable expertise and knowledge of their community, particularly for people experiencing disadvantage<sup>11</sup>. For example, NGOs provide vital support to residents navigating complex disaster grants and recovery systems. However, their capacity is hindered by structural barriers that cause significant financial and administrative burdens. Additionally, the abrupt transition from recovery funding to 'business-as-usual' creates a cycle of workforce instability and operational uncertainty for these essential services.<sup>12</sup>.

Current financial models prioritise reactive, event-specific recovery rather than building the long-term flexibility and resilience the community sector needs to pivot during a crisis. Key issues include:

- **Unfunded community frontline response:** Community organisations are frequently the first on the ground, yet they are often unfunded for the critical initial work they undertake before recovery grant streams are activated.
- **Recovery funding isolated from community development:** Rather than investing in the core strength of the community sector, disaster funding is typically siloed into isolated recovery streams. This forces organisations to fragment their operations to fit rigid, "one-off" programs rather than maintaining a holistic service model.
- **Administrative friction:** These disconnected funding pools come with disparate reporting requirements and heavy administrative burdens. This can take the focus from frontline community care delivery.

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<sup>10</sup> United Nations Office for Disaster Risk Reduction, Inclusion webpage, <https://www.undrr.org/inclusion>.

<sup>11</sup> NSW Council of Social Service (2025). *Submission to the Inquiry on the Review of the operations of the NSW Reconstruction Authority regarding the NSW East Coast severe weather from May 2025*.

<sup>12</sup> Ibid

## **Recommendation 6**

**Build long-term community resilience by embedding formal, funded partnerships** between disaster authorities, government departments, social services and local councils and incorporate disaster management into business as usual operational processes. Measures include data sharing to identify and respond to community need, aligning disaster funding with core service contracts to reduce administrative burden and embedding surge funding in existing contracts to cover the additional costs of rapid disaster support.

## **7. There are opportunities to improve reporting, monitoring and evaluation**

*Counting, writing for the sake of it to tick a box - but there appears no real outcome feedback ever... It is so tedious and costly and takes away from frontline.*

Aboriginal Community Controlled Organisation, Northern NSW

Community services organisations consistently cite the burden associated with monitoring, reporting and evaluation requirements attached to funding contracts. Organisations report that these activities do have some benefit – they support policies and procedures being up to date, improve service monitoring, and inform contracting arrangements. However, these benefits are offset by the significant compliance workload that many organisations struggled to absorb. The strain was particularly acute for smaller, regional agencies operating with limited administrative capacity.

*All the compliance never seems to equate to recognition of the work done...it all seems like a big waste of time when funders don't actually do anything with the data to improve service accessibility.*

Community centre, Hunter New England NSW

Organisations expressed concern that there was no reciprocal transparency on data submitted to the funders. They regularly do not receive any acknowledgement of the data, nor see any data utilised to improve service design or returned to the sector. Additionally, compliance requirements were frequently unfunded and designed with insufficient regard for the differences between regional and metropolitan operating contexts.

### **Recommendation 7**

#### **Reform compliance framework for regional area services to facilitate proportionate, place-based and adequately resourced accountability processes**

Government should reform funding contract compliance frameworks to ensure monitoring and reporting requirements are adequately funded and appropriately designed according to organisational size and geographical locations.

### **Recommendation 8**

#### **Reciprocal data-sharing and feedback mechanisms should be consistently introduced to inform policy, service design and system improvement.**

### **Conclusion**

The social service sector in regional NSW is currently navigating a "perfect storm," where surging demand is met by commissioning, funding and service systems that do not fully account for the unique requirements of regional delivery. However, these issues can be corrected.

To achieve equity for regional communities, the NSW Government should transition from a model of centralised control and toward a genuine place-based partnership. This transition requires recognition of the disparities that exist between metropolitan and regional areas, including population and geographical specific needs, more resources and funding to accommodate the regional specific service delivery and compliance issues, a targeted workforce strategy for recruiting and retaining regional workers and a systemic reform of disaster management that prioritises formal, sustainable, community focused stakeholder collaboration.

Regional communities and the organisations that support them are resilient, but that resilience has its limits. By adopting these recommendations, the Government can reform the procedural and financial barriers that entrench disadvantage. Ultimately, these reforms will ensure that a postcode does not determine a citizen's access to essential support.

NCOSS welcomes the opportunity to work with the Committee to implement these changes and build a robust, equitable safety net for all of regional NSW.

NSW Council of Social Service (NCOSS) is the peak body for non-government organisations in the health and community services sector in NSW. NCOSS works to progress social justice and shape positive change toward a NSW free from inequality and disadvantage. We are an independent voice advocating for the wellbeing of NSW communities. At NCOSS, we believe that a diverse, well-resourced and knowledgeable social service sector is fundamental to reducing economic and social inequality.

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## Acknowledgement of Country

NCOSS respectfully acknowledges the sovereign Custodians of Gadigal Country and pay our respects to Elders, past, present and emerging. We acknowledge the rich cultures, customs and continued survival of First Nations peoples on Gadigal Country, and on the many diverse First Nations lands and waters across NSW.

We acknowledge the spirit of the Uluru Statement from the Heart and accept the invitation to walk with First Nations peoples in a movement of the Australian people for a better future.

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