

Associate Professor Natasha Cortis

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Department of Social Service

Issues Paper – A stronger, more diverse and independent community sector

6th November 2023

Thank you for the opportunity to provide input on matters relating to Australia’s community sector.

I am an Associate Professor at the Social Policy Research Centre, University of New South Wales. I conduct research about social and community services, and the not-for-profit organisations and workforce that deliver them. I would like to draw attention to research I have conducted which has captured the perspectives of community sector managers and workers including on matters relevant to the issues paper and consultation, such as the adequacy of funding and indexation, service demand, and workforce issues. This research underlines the need for government to ensure funding levels are adequate to cover the full costs of service delivery, to value and retain workers, and to enable and sustain quality services for service users.

The Australian Community Sector Survey

From 2019-2023 I worked with my colleague [REDACTED] to design and analyse the Australian Community Sector Survey (ACSS), as part of a collaboration between the Social Policy Research Centre, the Australian Council of Social Service (ACOSS) and the COSS Network in the States and Territories. This program of work has captured the impact of demand and funding pressures on organisations, and the need for adequate social security payments to both meet people’s needs and alleviate pressures on the service system.

ACSS, or a survey like it, provides a valuable means of monitoring the funding, workforce and demand issues affecting community sector organisations, and could be enhanced as a mechanism for monitoring the status of the community sector and assessing the impact of reforms, over time.

Survey findings are available in multiple reports at: <https://www.acoss.org.au/australian-community-sector-survey/> including:

- Cortis N; Blaxland M, 2023, *At the precipice: Australia’s community sector through the cost-of-living crisis, findings from the Australian Community Sector Survey*, ACOSS, Sydney, https://www.acoss.org.au/wp-content/uploads/2023/04/At-the-Precipice_ACSS-2023.pdf
- Cortis N; Blaxland M, 2022, *Helping people in need during a cost-of-living crisis: findings from the Australian Community Sector Survey*, ACOSS, Sydney, https://www.acoss.org.au/wp-content/uploads/2022/12/ACSS_demand_snapshot_2022.pdf
- Cortis N; Blaxland M, 2022, *Carrying the costs of the crisis: Australia’s community sector through the Delta outbreak*, ACOSS, Sydney, <https://www.acoss.org.au/wp-content/uploads/2022/04/ACSS-Full-2021-Report-v6.pdf>

- Cortis N; Blaxland M, 2021, *Meeting demand in the shadow of the Delta outbreak: Community Sector experiences*, ACOSS, Sydney, https://www.acoss.org.au/wp-content/uploads/2021/12/Demand-snapshot_ACSS-2021_v3.pdf
- Blaxland M; Cortis N, 2021, *Valuing Australia's community sector: Better contracting for capacity, sustainability and impact*, ACOSS, Sydney, https://www.acoss.org.au/wp-content/uploads/2021/06/ACSS-2021_better-contracting-report.pdf
- Cortis N; Blaxland M, 2021, *Meeting community needs in difficult times: experience of Australia's community sector*, ACOSS, Sydney, https://www.acoss.org.au/wp-content/uploads/2021/04/meeting-community-needs-in-difficut-times_experiences-of-Australias-community-sector_WEB_v2.pdf
- Cortis N; Blaxland M, 2020, *Australia's Community Sector and COVID-19: Supporting Communities Through the Crisis*, ACOSS, Sydney, https://www.acoss.org.au/wp-content/uploads/2020/09/Australias-community-sector-and-Covid-19_FINAL.pdf
- Cortis N; Blaxland M, 2020, *The profile and pulse of the sector: Findings from the 2019 Australian Community Sector Survey*, ACOSS, Sydney, <https://www.acoss.org.au/wp-content/uploads/2020/03/2020-ACSS.pdf>

Counting the Costs: Sustainable funding for the ACT Community Services Sector

With UNSW colleagues [REDACTED] and [REDACTED] I conducted the 'Counting the Costs' report. This was a collaboration with the ACT Government and ACTCOSS during 2021. Findings provide evidence about organisations' funding arrangements and problems of inadequate cost coverage and inadequate indexation, based on information from 88 ACT community sector organisations. The reference to the work is:

- Cortis N; Blaxland M; Adamson E, 2022, *Counting the Costs: Sustainable funding for the ACT community services sector*, <https://actcoss.org.au/publication/report-counting-the-costs-sustainable-funding-for-the-act-community-services-sector-2/>

Many of the issues covered in the report are likely to be encountered beyond the ACT, and are relevant to the Issues Paper and consultation. Our recommendations, arising from the study were:

- That government adopt a revised approach to indexation to give the community sector a stronger assurance that purchasing power will be maintained;
- That government review funding streams to ensure each provides organisations with full cost coverage;
- That government and the sector continue to pursue efficiencies. Longer contracts in particular could reduce the costs of retendering;
- Consider initiatives to build sector capacity to accurately cost services;
- That government boost funding for areas of unmet need; and
- That government prioritise early intervention and prevention.

In its response to the report, the ACT Government agreed in principle to the recommendations (See https://www.communityservices.act.gov.au/about_us/strategic_policy/community-sector-reform)

The ACT provides an example of a way government and the community sector can work together to identify challenges, barriers and ways to address sustainability.

Scholarly research on funding issues

The following two scholarly articles are also relevant to the consultation terms of reference:

- Cortis N; Lee I, 2019, 'Assessing the Financial Reserves of Social Service Charities Involved in Public Service Delivery', *Nonprofit and Voluntary Sector Quarterly*, <http://dx.doi.org/10.1177/0899764018815619>

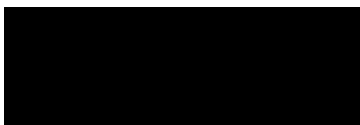
Of particular relevance to the CSAG Discussion paper, Cortis and Lee (2019) shows that many charities engaged by government to deliver social services in Australia have inadequate financial reserves, indicating poor short-term financial capacity. Having high dependence on government funding reduced the odds that an organisation would hold adequate financial reserves.

- Cortis N, 2016, 'Access to Philanthropic and Commercial Income Among Nonprofit Community Service Organisations', *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 28, pp. 798 - 821, <http://dx.doi.org/10.1007/s11266-016-9715-2>

Based on 521 nonprofits in NSW, this article shows that despite expectations reflected in policy that nonprofits will diversify their income base, many find it difficult to generate income from commercial or philanthropic sources. Patterns of access to private income are thus uneven. Child, family and youth services, and smaller organisations, were found to be among the least likely to access commercial income, and non-metropolitan and Aboriginal service were least likely to access philanthropy. This shows that some nonprofits have very limited alternatives for supplementing or substituting government funding, underlining the need for adequate and sustainable government support.

I hope this work will be of use to the consultation, and wish the Advisory Group all the best with the consultation process.

Yours sincerely



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