

Local Services in Local Communities:

The contribution of
NSW Community
Organisations

12 February 2016

Participating organisations



NSW Council of Social Service (NCOSS)

NCOSS is the peak body for health and community services in NSW. It works with and for people experiencing poverty and disadvantage to see positive change in our communities.



Intereach

Intereach is a community based not for profit organisation working with children, families, older people, carers, people with a disability and communities providing services, support and information in the Riverina Murray region.



The Northern Rivers Social Development Council (NRSDC)

NRSDC is a community-based not-for-profit organisation that promotes fairness and social inclusion in the Northern Rivers region of NSW.



Western Sydney Community Forum (WSCF)

WSCF works to build strong, organised communities by bridging the divide between communities and policymakers at the local, regional, State and Federal levels.

“Community service organisations” or CSOs are a diverse group of not-for-profit, non-government organisations providing service delivery, community development, social justice and/or advocacy. They are diverse in size and scale, ranging from small voluntary groups to large national organisations.

EY defined a **“Local CSO”** as a CSO that operates entirely or largely within the community where it delivers its services as opposed to “non-local CSOs” that provide services in a community from a base located entirely or largely outside the local area and may be supra-regional, state or national.

EY noted that organisational **“value”** is traditionally an input-output analysis engaging only primary stakeholders and focusing on financial transactions between producers and customers and the generation of profit for external shareholders. However, the **“value of local CSOs”** ideally considers non-financial resources such as volunteers and the creation of broader economic and social value for a wider set of stakeholders such as local communities because of the importance of their role relating to community development, resilience and wellbeing.

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Contribution of local Community Organisations in NSW

Community service organisations are often valued in terms of the services they deliver and because community services organisations (CSOs) don't make a profit or pay dividends to shareholders, the economic and social value they bring to their community can be overlooked. The reality is we create jobs, contribute to economic growth and activity and invest in our local communities. The question is not whether we add value, but what that value is, and how can it be measured?

What is our value?

A recent study by Ernst Young (EY) looked at three local NSW CSOs: Intereach, Northern Rivers Social Development Council and Western Sydney Community Forum, each working in diverse communities, facing different challenges, coming together to test their economic value to their local areas and to NSW. Using a different approachⁱ for each organisation they found:

- We can create significant broader value through local employment and purchasing goods and services from local suppliers
- Our networks can increase productivity and effectiveness by sharing information, capacity building and collaboration
- By providing community infrastructure we can increase the resilience and wellbeing of our local communities.

Many local CSOS are actively adding value to their communities and regions in at least two, if not three of these areas.

Both the NSW and Federal governments are commissioning community service organisations to deliver more and more services. The process to date appears to show a preference by both governments to fund fewer, larger organisations that can operate across multiple regions. They believe it will reduce costs and increase efficiency for government.

This risks the potential loss of value currently invested in our communities by local CSOs both economically and socially.

To have a full picture of the value a CSO brings to its local area you need to look beyond service delivery and the standard social and economic analyses of how local, community based organisations like ours contribute to where we live and work. We want to start a new conversation about the jobs created, the volunteer effort and enthusiasm harnessed, and the invaluable networks and infrastructure that have been developed and nurtured by our local CSOs.

What we found was telling:

Highlight 1: Economic benefits to local economies are significant

Investment in locally based community service organisations yields significant dividends that are reinvested in local economic activity. When you invest in services provided by locally based community organisations, they employ local people, purchase goods and services locally and your money goes further in terms of local economic development than you would if you invested in a big statewide. The modelling in one service alone showed that 92 cents for every dollar of government funding, contributions and operating profit remained in the local economy, adding 46% in value.

Highlight 2: Aids local community resilience during economic downturns

Communities that are dominated by a single industry are vulnerable to downturns with households exposed to highly cyclical incomes. Community service organisations are often significant employers in regional communities. The research found that in one community impacted by drought, providing diversified employment opportunities supported the area's resilience and acted as a significant stabilising force in the region.

Highlight 3: Investment in local community facilities yields stronger community engagement

Organisations that provide access to free or discounted community facilities for small organisations and groups support the well being and vibrancy of the local community. Without this many of these organisations and groups would no longer exist resulting in fewer services and opportunities in their local community. Our modelling showed that in one community alone, the community saved \$1.4m over a year, money they either didn't have or could now spend on services. This translated as a gain in value of 36%.

Highlight 4: Local knowledge about local issues allows smarter investment

Because of their deep connectedness and local knowledge, locally based community service organisations are in a strong position to develop and support localised networks and provide the right information and training to their local community. They deliver value by creating efficiencies, more effective referrals and better opportunities for collaboration. The modelling in one small organisation showed they added an additional \$.3m of value to their community through these services. In one community this accounted for an additional 24% in value.

Highlight 5: CSO staff share invaluable skills with their community through volunteering

In one organisation staff volunteered around 104 hours per year to their local community. 60% found that when they volunteered they used their employment skills. The economic benefit may not be directly attributable to a particular organisation however it added \$260k value to the Australian economy.

Highlight 6: Community service organisations create significant economic and social value for their local community

Funding fewer, larger organisations able to operate across regions or the state probably will reduce costs and increase efficiencies for government. Community service organisations, however are often major local employers and bring significant, previously unmeasured value to their communities. Reducing their footprint could have implications beyond the dollar value of the supposed gains. Our modelling shows that transferring funding away from local communities could potentially:

- Reduce local economic activity and impact on the viability of local businesses and services
- Reduce local resilience in the face of economic downturn (eg drought)
- Reduce access to affordable facilities by small organisations and groups impacting on their viability
- Result in a loss of local knowledge and understanding where services do not necessarily meet the needs of the local people
- Result in a loss of skilled volunteers.

Finally

Local CSOs do provide additional value to their communities beyond the delivery of services and well beyond traditional economic analyses. Our modelling makes it clear that in-kind support, facilitation of networking and connectivity in the community, and assisting local economies through a local presence can be translated into economic value and should be taken into account when assessing their overall performance.

The reality is that local CSOs build the resilience of their communities. Supporting these organisations and the value they bring to their local communities may well outweigh the cost savings and economic efficiencies Governments gain by funding larger organisations. It might also result in better targeted services to the clients of these communities.

ⁱThe three methodologies used were:

- Local Multiplier – a measure of the indirect contribution of an organisation to a local area by tracking where money is spent
- Network Analysis – maps and measures relationships to identify linkages which increase benefits beyond an organisation
- In-kind Analysis – measures valuable transfers between an organisation and community through non-financial transactions.