

NCOSS Pre-Budget submission 2021-22 Summary

June 2021

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, we know that some groups, including women, young people and those precariously employed, have been more heavily impacted. Parts of NSW, such as areas still struggling from the 2019-20 bushfires, have also been more affected.

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

But organisations in the community sector have long reported 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 are encouraging, unemployment is still at 6.4% with more than 277,000 people in NSW unemployed as of December 2020 - 82,200 more than was the case in December 2019.

The withdrawal of the COVID-19 JobSeeker supplement and other financial supports is projected to see an increase of 99,000 people in poverty in the Sydney region alone. Modelling also predicts, by June 2021, increases in child neglect, rates of domestic violence and people who are homeless.

Responding to this increased need will be challenging. Many NGOs in NSW were already financially vulnerable, with the recent drop-off in philanthropic, corporate and private donations adding to concerns. Inadequate indexation, the expectation to do 'more with less', and lack of opportunity to modernise business processes, place further strain on services that are already overwhelmed.

Meanwhile, insufficient investment in specialist homelessness services and social housing to cater to demand means that pressure across the entire service system intensifies, with long term costs.

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 has demonstrated that where there is both the will and adequate resourcing, we can work together to protect and support vulnerable people.

But more needs to be done and NSW needs an economic recovery strategy that puts people and community at its heart. Therefore, we are urging the NSW Government to support the ongoing provision of essential services by ensuring a viable community services sector and respond to rising disadvantage by investing in more social housing and associated services. Publicly available information on funding flows to the sector is limited, making year-on-year comparisons difficult.

However, the picture that can be built suggests that, at least for parts of the sector, that funding has stagnated over time.

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, 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.

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