

Sector Sustainability Project 2023-2024

DECEMBER 2024 PRESENTATION ON
PROJECT INTENT, CONTEXTUAL FACTORS AND PROGRESS

Author: Community-Based Co-Lead December 2024

ACT Government/NGO partnership dialogue 2012-2024

- **Community Sector Reform Program** 2012-2015: levy on funding to resource ACT Government work on streamlining funding arrangements, funding individualised organisation development consultancies and policy advice
- ACTCOSS funded **State of the Sector** (2016) Report
- **ACT Industry Strategy 2016-2026**: workforce, governance, data and impact measurement, sustainable to grow
- ACTCOSS **2019 advice on cumulative funding gap**: ERO, CSR Levy, ACT Gov Indexation
- ACT Government funded **Counting the Costs Report** (Dec 2021) and **agreed in principle to recommendations** (Feb 2023)
- **Sector Sustainability Program 2023-2028**: 2023-2024 start-up program focused on implementation of CTC recommendations within current resourcing, advice on levers for improving sustainability and advice on further investment 2025-2028
- **Act for Community Campaign** for 2024 ACT Election: fully fund SSP and CTC Recs, population growth multiplier, facilities, climate adaption [Joint-Statement.pdf](#)

ACT Government Announcement of Sector Sustainability Program - February 2023

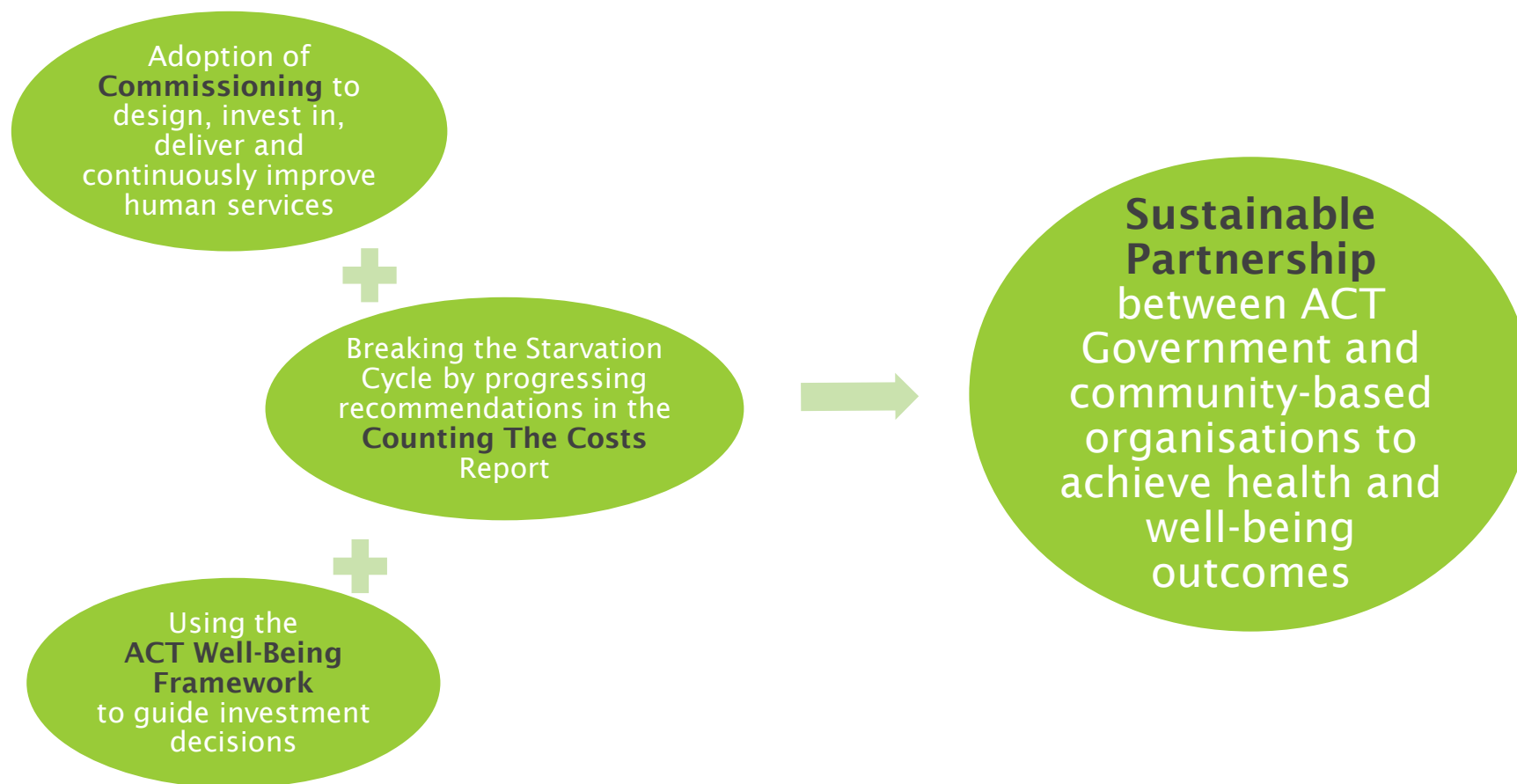
The Sector Sustainability Program is the first in a series of steps the ACT Government will take on moving to a **sustainable resourcing and relationship model** with the community sector in the ACT ...

The Sector Sustainability Program will see the ACT Government and the community sector partner together in assessing opportunities and risks to **make sure funding adequately reflects the real cost of services, as well as the impact of increased demand.**

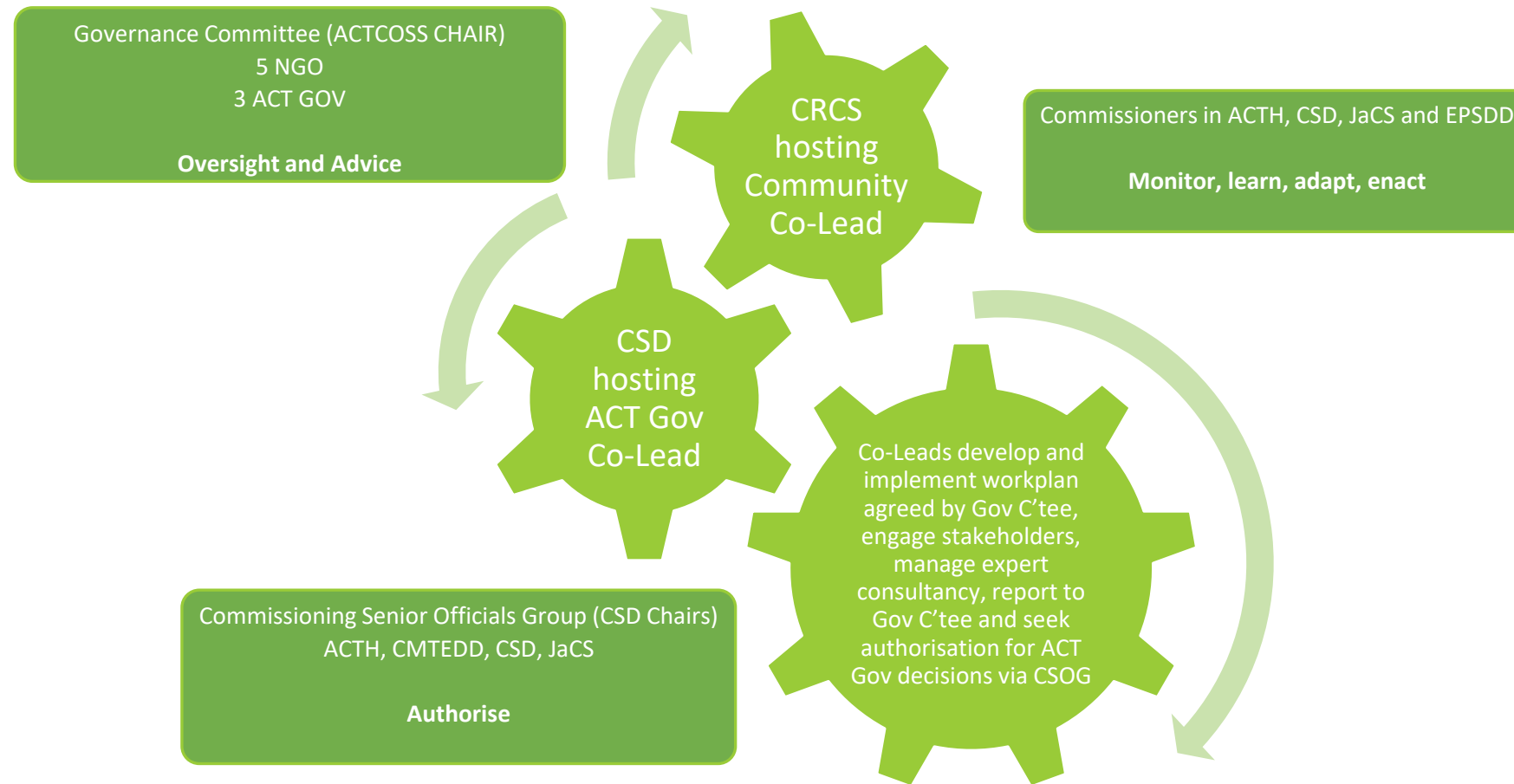
The ACT Government Response to the Counting the Costs Report charts a new way forward for the relationship between the ACT Government and the community sector, **working together to identify the challenges, underlying barriers and relevant levers to address sustainability...**

Sector Sustainability Program 2023-2028

Aligning Policy Agendas & Investment Strategies



2023-2024 Start Up Phase Co-Production Model



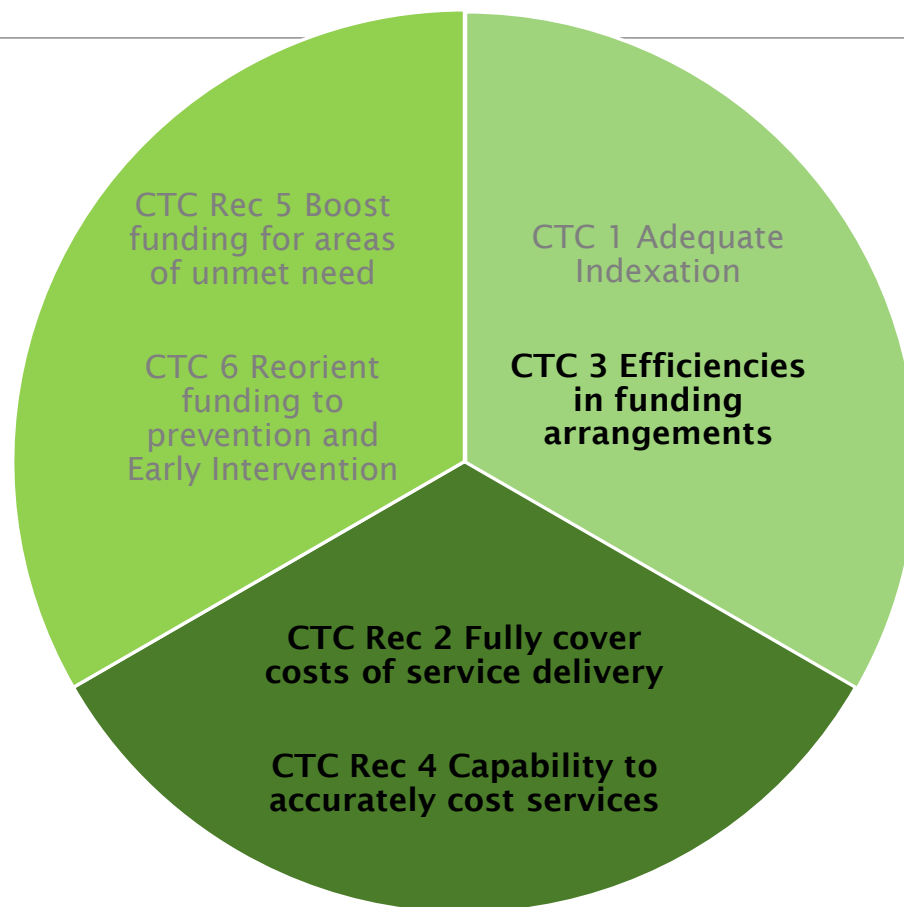
Recommendations in Counting the Costs Report to improve community sector sustainability

Recs 5 & 6 require improved data framework, advice to/decisions in ACT Budget and alignment of timing of funding and/or service objectives changes with Invest phase of Commissioning Cycles

Recs 2 & 4 require authorisation by Government decision-makers in the Investment phase of Commissioning Cycle that NGOs should present full costs in service proposals.

Also requires sharing between funder and NGO of operational, regulatory and reputational risk in constrained funding environment.

Also requires decision-makers in NGOs and Commissioning cycles to understand full costs of service delivery.

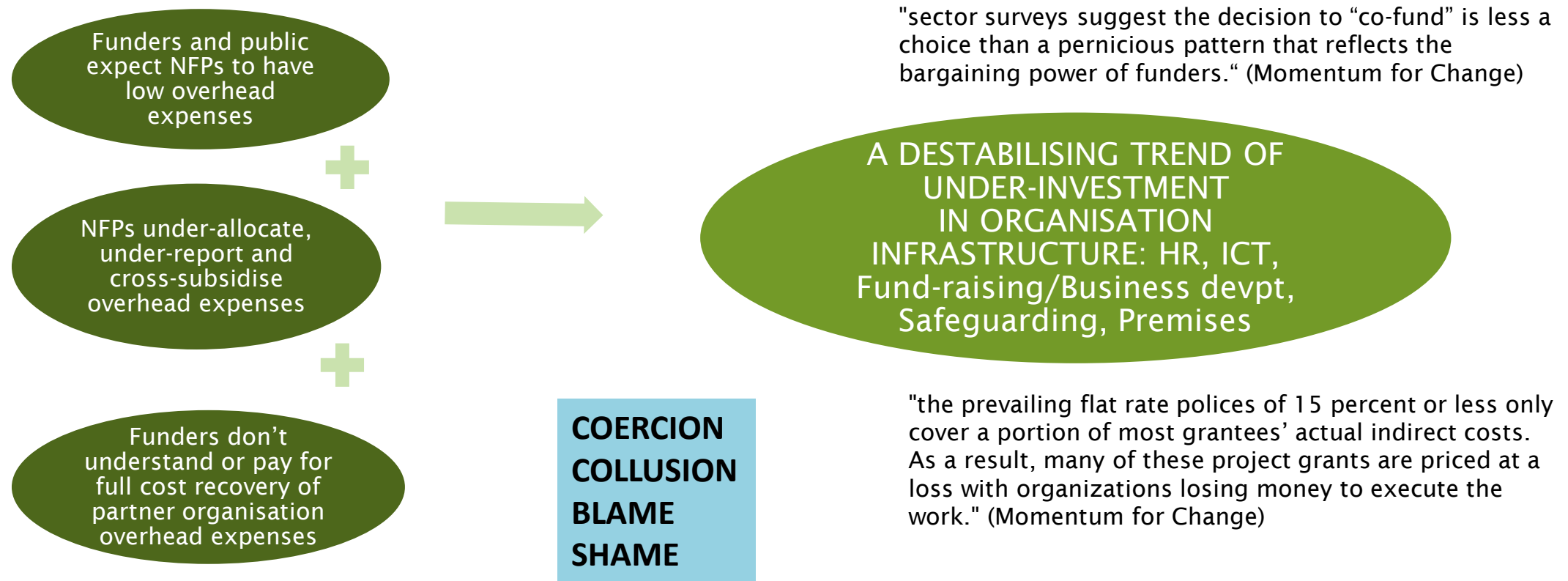


Rec 1 requires evidence from sector that costs are increasing beyond current indexation rates; decisions in Treasury and in Human Services Directorates about changes to policy settings; consistency of approach across Directorates and improved capability in contract management

Rec 3 requires advice from contract managers in government and NGOs to identify changes to processes and reporting that will deliver efficiencies.

It will also need support from the Human Services Regulator and Procurement ACT to align any changes with legislative and regulatory requirements

The Non-Profit Starvation Cycle prevents moving to a sustainable resourcing and relationship model



NFP Myths that reinforce the Starvation Cycle

[231129-ep-5-myths-and-biases-covered-version.pdf \(uwa.edu.au\)](#)

- Nonprofits should not make a profit
- Nonprofits should not pay competitive salaries to executives or appropriately reward leaders
- Nonprofits are inefficient and non-innovative as compared to the commercial sector
- The government does not have enough money to resource the sector
- It is not necessary for nonprofits to have a strong balance sheet
- All funds can and must be spent directly on programs for short-term return
- The nonprofit sector is a fiscal sink: we should be looking for ways to reduce expenditure into this sector in all instances
- Sacrifice and selflessness are primary and necessary features in sector operations

Funder Biases that reinforce the Starvation Cycle

[231129-ep-5-myths-and-biases-covered-version.pdf \(uwa.edu.au\)](#)

- Quasi-markets will elicit efficient and high-quality service delivery
- Competition is required to correct motivation and improve efficiency
- It is not necessary for governments to pay a price for services and supports that represents a profitable financial outcome for a nonprofit
- Consumer Price and Wage Price indices appropriately capture cost changes in services
- Contracting duration and particulars should not contribute to capacity building and reserves
- Contracting partial funding amounts that do not reflect comprehensive cost of services
- Raising capital and filling expenditure gaps are necessary responsibilities of the organisation
- Government is benevolent and supports the sector rather than relying on service purchasing
- Administration is automatically red tape and must be reduced; administration should not be funded
- Misuse of metrics by government and philanthropic entities which leads to downplaying of the overall economic contribution of the sector
- The third sector is considered both distinct (different expectations) and comparable to other sectors (same rules)

Acceleration and Escalation of Starvation Cycle

CANBERRA COMMUNITY
IMPACTED BY GLOBAL
UNCERTAINTY - REFUGEE
WELCOMING CITY,
INTERNATIONAL STUDENTS,
DEFENCE, DFAT, SECURITY
SERVICES WORKFORCES

EXTREME WEATHER
EVENTS IN CANBERRA
(hail storms, blackouts,
heat waves)

COVID-19 Pandemic -
Workforce supply gaps and
erosion of Working Capital

UNCERTAIN FUTURE -
National, ACT and
Philanthropic funding
Workforce loss,
gaps and disruption,
Unplanned/
unintended changes in
human services
ecosystem

Demand growth -
Population growth and
diversification, Cost of
Living Crisis, increased
complexity of needs,
increased help-seeking

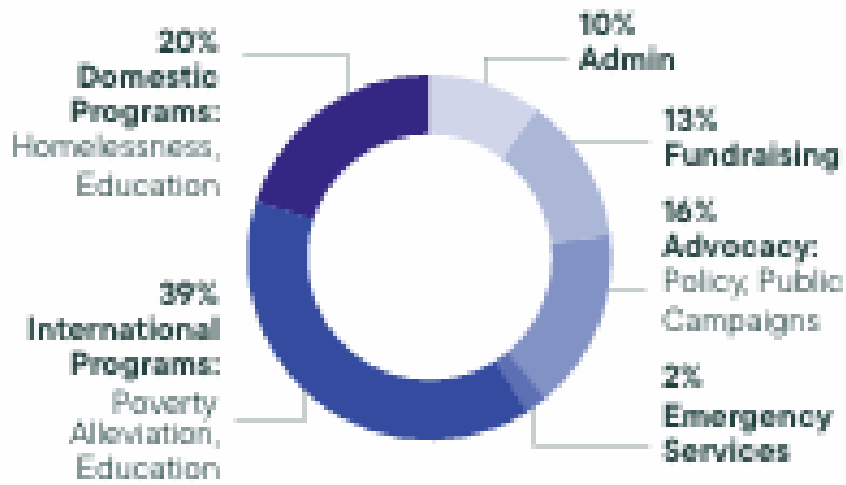
Increased risk profile
and mitigation costs -
Increased costs of
insurance, ICT, WH&S,
regulatory
requirements

GROWING ROLE OF
HUMAN SERVICES IN
ACT ECONOMY
Share of workforce
Economic participation
of Priority Groups
Purchaser of locally
produced/distributed
goods and services

Counteracting the Starvation Cycle

[Pay+What+It+Takes_NFP+Guide_Feb+2024.pdf](#)
[DESIGN PWIT_newperspectives_\(JT\)170524.docx](#)

- Be proud of investing in your organisation so you can be effective and accountable
- Reframe language – funders value hearing about accountability, organisation effectiveness, governance, fundraising and sustainability
- Reframe visual representations of indirect costs and delivering on organisation purpose
- Use your Annual reports to communicate, not just to fulfil regulatory requirements



HOW YOUR GENEROUS DONATIONS WERE INVESTED IN 2022/2023

Providing immediate care for animals in need

- 56 cents in every dollar directly supports animals in need right now, including the Inspectorate, shelters, veterinary hospitals, wildlife and community outreach and education programs.

Investing in the future welfare of animals

- 12 cents in every dollar is reinvested into raising vital funds, so we can be ready to help even more animals in the future.
- 15 cents in every dollar funds our Social Enterprises to ensure we have ongoing revenue streams to deliver profit for purpose.

Making sure we do things the right way

- 17 cents in every dollar covers the essentials to ensure we run our organisation effectively and efficiently.



SSP Theory of Change

Adopt a Systems Change approach to scope, co-design and implement a sustainable relationship and resourcing model for Human Services funded by ACT Gov and delivered by NGOs

IF we facilitate a shift in **the mindset, relationships, connections and power dynamics** between the ACT Government and NGO partners in the delivery of human services

THEN a **sustainable resourcing and relationship model** for the community sector will be developed that ensures **individuals, families and the community will receive the services and support that meet their needs**

BECAUSE there have been structural **changes in policies, practices and resource flows**, that will counteract the Starvation Cycle and progress the recommendations in the Counting the Costs report

OUTCOME will be a **more diverse, vibrant and sustainable community sector better able to partner with ACT Government** to deliver on objectives of the 2020-2030 Human Service Reform agenda and contribute to ACT Wellbeing Domain outcomes

Progress July 2023-December 2024

Sector Sustainability Program - Commissioning

- Reframing discourse - stop starvation cycle and shift from solvency mindset to sustainability mindset
- Inform next steps on CTC Recs implementation
- Policy and Budget Advice
- Draft changes to Policies and Procedures – functions to include in costings, joint roles in managing shared risk, defining and assessing value for money
- Produce Compendiums of legislation, regulation, policy and procedures to guide procurement, grant-making and relationship management
- UWA developing Costing Handbook to guide ACT Government and NGO costing of Programs/Proposals
- Project outputs published in Knowledge Hub on ACTCOSS website



Figure 1: the balance sheet and sustainability

[2020-CBA-Not-for-Profit-Balance-Sheet.pdf](#)