UWA Centre for Public Value

THE UNIVERSITY OF WESTERN AUSTRALIA

Making Community Services Sustainable

CSI UWA Webinar

CENTRE for SOCIAL IMPACT

THE UNIVERSITY OF WESTERN AUSTRALIA

Professor David Gilchrist
Director, UWA Centre for Public Value

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My Agenda…

- Make the point…
- Describe the structural gaps
- Describe what is not working
- Propose a way Forward
- Q&A

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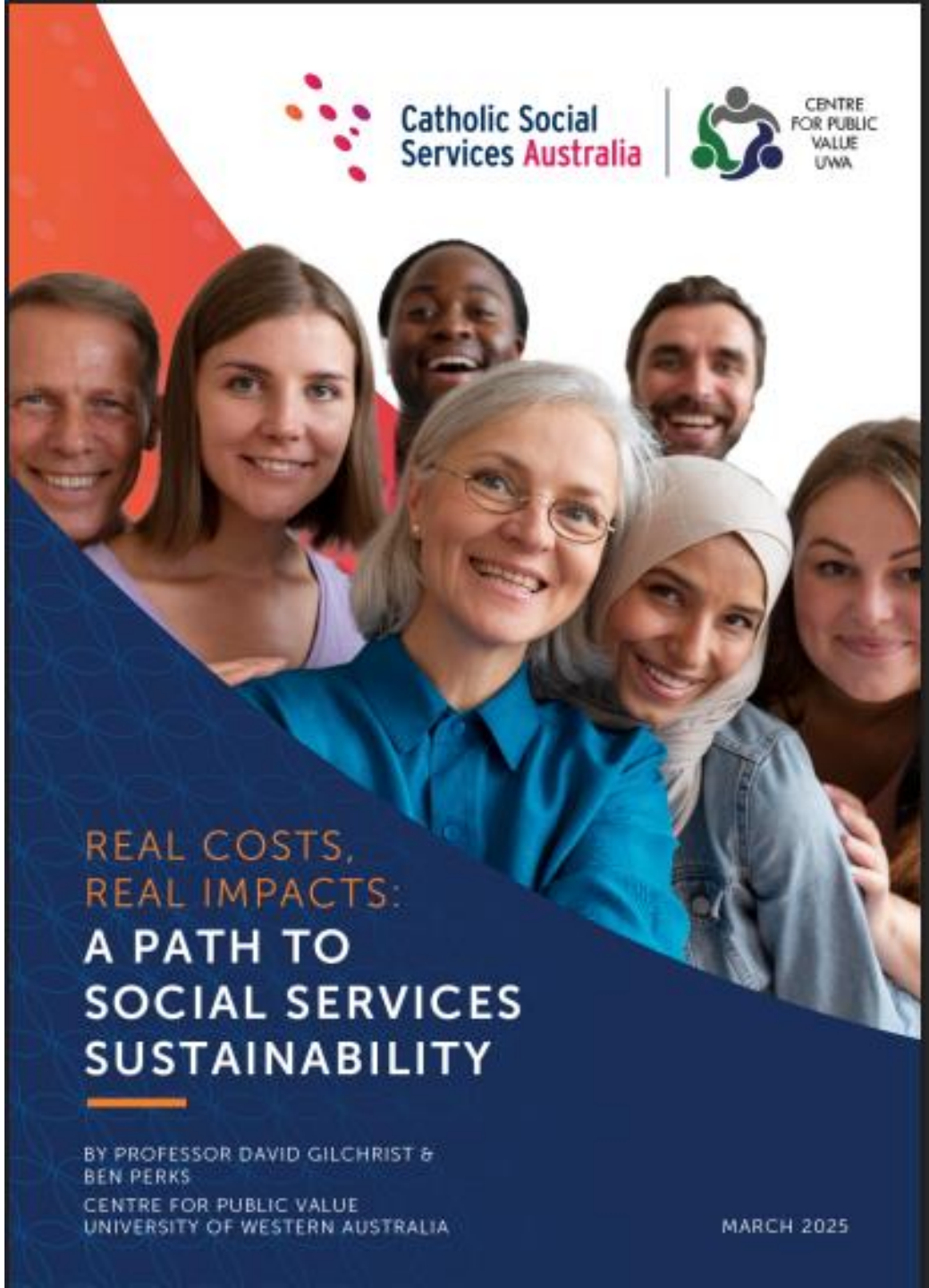


The Point…

Governments' funding policies are crippling the community services sector

Service Providers do not recover their costs

Service Providers' capacity to invest for policy change, training and renewal is negligible

Taxpayers pay more as a result of governments mistaking "cheap" for "efficient"

Lack of transparency means Service Mix shrinkage is hidden & funding and indexation policy not based on evidence

Service users are the shock absorbers of the system

What is sustainability…?

- Macro - system sustainability
- Micro - organisational survivorship
- Capacity to maintain the Service Mix:
  - Quantity
  - Quality
  - Timing

} Comprehensive cost of service delivery

Must have:
(1) Transparency over need
(2) Transparency over delivery
(3) Transparency over gap

- Service Mix is the appropriate lens through which sustainability should be assessed

The Structural Gaps…

Systemic View – Service Mix:

- Governments' Prioritisation and Resourcing Accountability Lacking
- Governments' Costs & Cost Shifting
- Lack of Transparency – Identification of Service Mix Gap; Comprehensive Cost of Service Delivery and Cost Shifting

What's not working…

Funding:

- Cheap v Efficient
- Need v Demand
- QA & Regulatory Requirements
- Comprehensive cost of service delivery

Indexation:

- No case reported indexation met cost increases
- Indexation Inconsistent
- Indexation Unreliable
- Inappropriate Indexation Models
- Lack of transparency

What's not working…

Solvency
Having the cash to pay your bills when they are due.

Stability
Being able to continue to provide services that meet the quantity, quality and timing required in accordance with your organisation's mission

Sustainability
Being able to replace assets and invest in your organisation to meet changing circumstances and ensure it remains fit-for-purpose in the context of pursuing your organisation's mission over the long term

Sector Providers cannot maintain sustainability without a profit

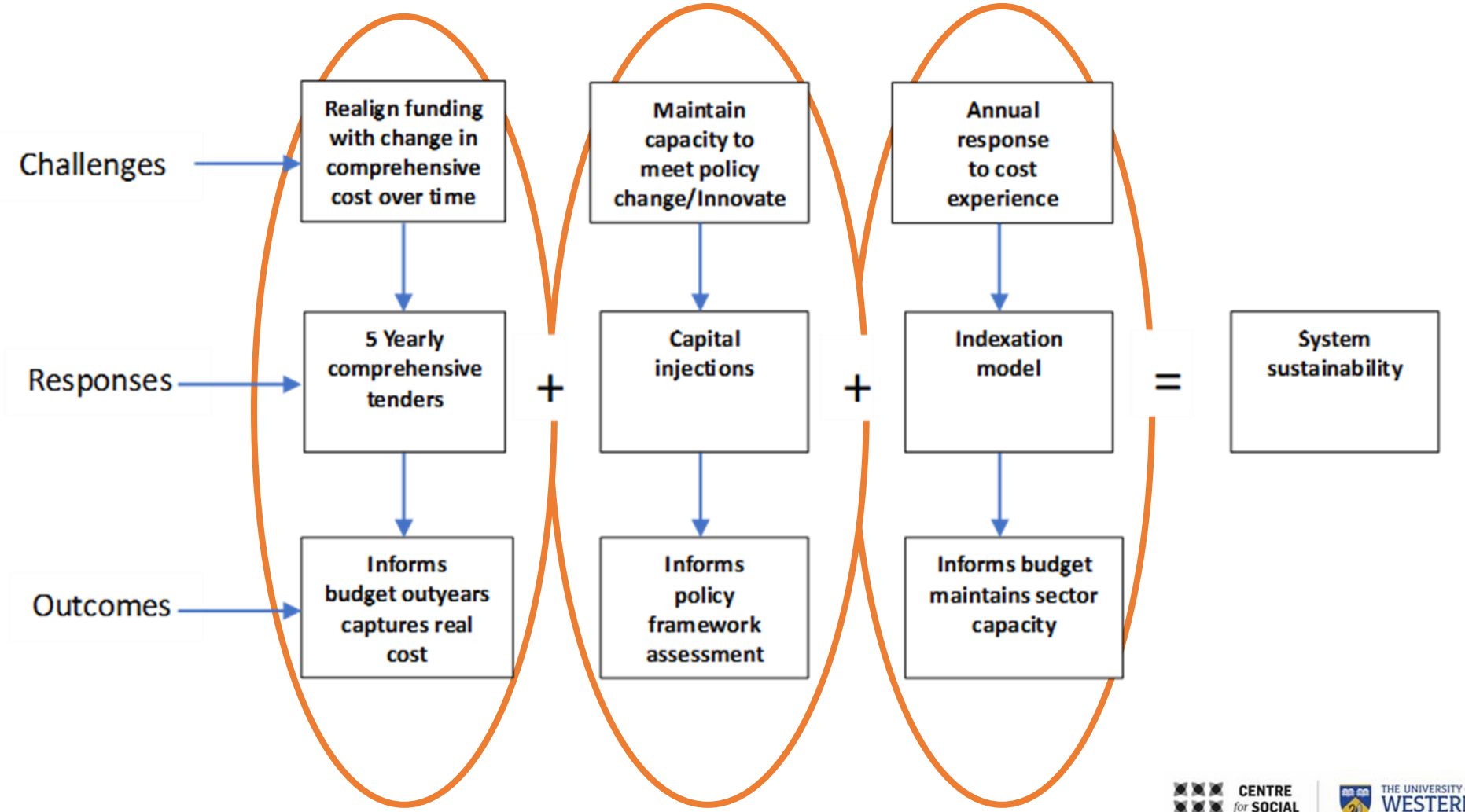
What's not working…

Profitability Example:

- 21 Years' Observations
- 9 Losses
- 9 Profits Less Than CPI
- 2 Profits Above CPI

- CPI as proxy for economic growth overall

The Resolution…



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The Resolution…

Recommendations:

1) A comprehensive contracting process that is demonstrably based on empirical evidence of cost and Service Mix requirements

2) An indexation process that ensures the timely and full allocation of funding to cover the cost increase experience of contracted providers at least once per annum

The Resolution…

Recommendations:

3) A mature impact-based response to policy changes and social shifts and shocks by injecting levels of capital into the funded sector to ensure the comprehensive cost of service delivery is fully met in a timely and effective manner

The Resolution…

Recommendations:

4) A comprehensive data asset development process that will ensure transparency over the extent to which a Service Mix Gap exists in Australian communities.

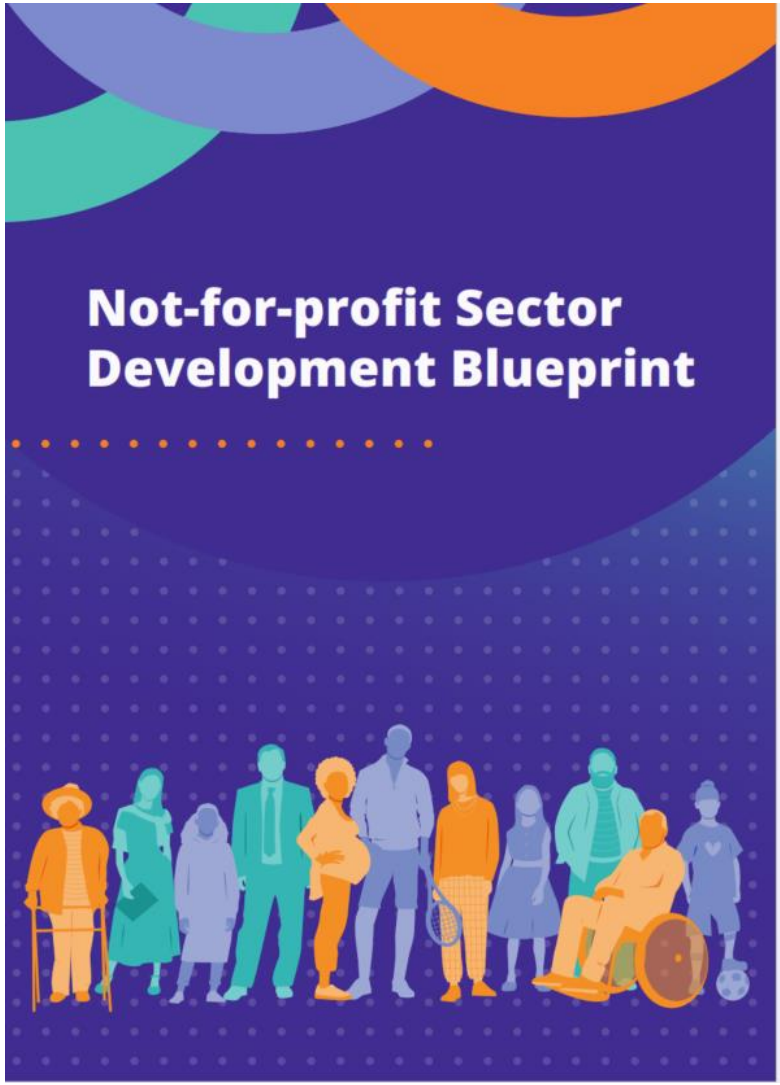
The Resolution…

- Trust
- ~~One size fits all pricing funding~~
- Base budgeting on real data
- Producer Price Index!!
- Local decision making!!
- Capacity & Outcomes Transparency
- Financial Literacy: both government and sector

The Blueprint…

Three major themes:

- An enabling operational and regulatory environment for the NFP sector to thrive
- A people-led and purpose driven NFP sector
- An adaptive and dynamic forward-focused NFP sector



Contacts

Professor David Gilchrist

david.gilchrist@uwa.edu.au

Centre for Public Value:
https://www.uwa.edu.au/schools/Research/Centre-for-Public-Value

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