



News Release

Date: 2 September 2019

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Report shows \$630 million government funding shortfall for community social services

The government is underfunding social service providers delivering services that are essential to the wellbeing of New Zealand children, families, whānau and communities by an estimated \$630 million a year, an independent study has found.

The study found that the government funds social service providers for less than two thirds of the actual costs of delivering the essential services they are contracted to provide, often for some of New Zealand's most vulnerable people.

It found that providers generally don't receive enough to cover basic running costs, are unable to pay enough to attract and retain the staff they need, and are struggling to meet demand. They are often relying on philanthropic funding to make ends meet on basic costs such as rent and wages.

According to the study:

- Basic operating costs are being underfunded by about \$130 million a year;
- Wages are being underfunded by about \$300 million a year;
- The gap between funded and actual (absorbed) demand is nearly \$200 million a year;
- 83% of providers surveyed are reliant on philanthropy to meet their core costs

The research and analysis was completed between April and August this year by MartinJenkins. Social Service Providers Aotearoa (SSPA) commissioned the study on behalf of New Zealand social service providers and philanthropic organisations. It looked at the funding gap for organisations contributing to the wellbeing of children, young people, individuals, families, whānau and communities around New Zealand.

SSPA National Manager Brenda Pilott said the provider services are essential to the wellbeing of New Zealanders and it is imperative that the government fully funds them.

The report makes 39 recommendations — some immediate and some longer term.

Brenda Pilott said: "There have been some positive recent developments with our sector's funding. We want to see the Government build on this and make a serious commitment in the 2020 Budget to close the funding gap. And we want the Government to commit to working with social service providers and the philanthropic sector on the longer term issues we have identified, to achieve an effective and sustainable funding model that ensures the wellbeing of New Zealanders."

"We need a collaborative approach, where government, philanthropists and providers think collectively about funding arrangements that would enable the system to respond to the immediate and future needs of New Zealanders."

In the meantime, social service providers need immediate government support for an urgent solution to the pay pressures they are facing, she said. The report highlights that the gap between community and government sector social workers will continue to widen this year following the successful pay equity claim won by the PSA for Oranga Tamariki social workers.

“If there is any capacity for the government to respond on the wages issue they should not wait, because the need is urgent. We know of cases where community-based social workers are being offered 30% or 40% more to move into government social work roles, making it unsustainable for providers to be able to hold onto staff, or attract new staff.”

Brenda Pilott said the social services were vital to all New Zealanders, either directly or indirectly. “Social service providers support some of New Zealand’s most vulnerable communities and households and generate positive social outcomes that matter to every single New Zealander. If these services are not there communities will be worse off.”

The full report can be downloaded [here](#) or at sspa.org.nz
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About Social Service Providers Aotearoa

SSPA represents some 200 non-profit organisations funded by government to work with vulnerable children, young people and families in New Zealand.