



# SocialLink

## Tūhono Pāpori

Building a Thriving Social Sector

Western

Bay of Plenty



## Survey Report: Social and Community Service Providers on Funding and Service Demand

### Western Bay of Plenty Region October 2024



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# Introduction



SociaLink has observed cost of living and other social-economic and political factors are affecting the environment in which social and community sector not-for-profit organisations operate. There are reports of reduced income from donations or fund-raising, uncertainty about whether Government contracts will be renewed, and increases in demand for services as people struggle with the cost of living, especially in relation to basic needs like food and housing.

We decided to ask organisations in the Western Bay of Plenty sector what they were experiencing regarding income, Government contracts, the demand for services, community needs and the impact of funding changes on clients and community (see Appendix 1 for more information about the survey and method).

In July 2024, we sent out an on-line survey to our newsletter subscribers, organisations who had previously engaged with us, and also made it available through our social media platforms (Facebook, LinkedIn).

## Summary



- 61 responses were analysed for this report. The sample is self-selected and not representative, however it does provide an indication of what is being seen and experienced within organisations and communities.
- 68% were charitable trusts and most were working in the social services (18), community development (9), health (8) and disability sectors (6). 75% had an income of under \$500,000.
- 22 of the 61 organisations (36%) received Government contracts, mostly from the Ministry of Social Development, Te Whatu Ora Health NZ, Oranga Tamariki and Whaikaha Ministry of Disabled People. 13 organisations had contracts with only one Government agency. As of July, at least 13 said they had Government contracts renewed. Overall, the situation was not clear cut, with some organisations having only some contracts renewed, contracts not renewed at all for some organisations and others not having heard details.

- Government funding was the most important source of income for 13 organisations. Providers were concerned that Government contracts were not keeping up with rising costs and demand for services, and were not including Consumer Price Index (CPI) adjustments. More organisations reporting a change in funding from Government sources said it was either a decrease or the same amount (11 organisations), rather than an increase (6).
- For all income sources, organisations were more likely to report their income had remained the same or decreased, rather than increased, in the past 12 months. Income sources included donations, philanthropic funding, lottery, gaming, central and local government, investment and sponsorship.
- Reductions in income were being met by several strategies, including using reserves, reducing or not hiring new staff, changing to shorter staff contracts, reducing or mothballing some programmes, and other staff and volunteers filling the gaps. Organisations were also experiencing staff movement to better paying positions and having less training available.
- Some were investigating or developing collaborative options and alternative funding sources so they could continue to serve their communities, however it was also recognised that collaboration activity needed to be funded.
- 93% said demand for services and programmes had increased or stayed the same. Organisations were seeing more and higher complex needs, resulting largely from lack of affordable housing, cost of living and associated mental health issues. Demand was also driven by demographics, such as more older people requiring support with health, social and economic concerns.
- Lack of funding was already leading to less ability to meet needs and increased demands and was frustrating for long-term and newer organisations. Increased funding meant more access and support for clients and communities. The few organisations mentioning increased income said it enabled them to provide support for longer periods of time, buy equipment, expand into other regions and be intentionally flexible to help with complex needs. Others reported being able to provide more fun and creative family and community activities.

# General information about the organisations

61 responses were analysed. [1] The sample is self-selected, so the survey findings provide an indication only on what is occurring within the not for profit social and community sector.

They were mostly from organisations selecting the categories of Social services (18); Community Development (9); Health (9) and People with Disabilities (8).

Sector that organisations operate in (based on Charities Services' sector classifications).	Count
Social Services	18
Community Development	9
Health	8
People with Disabilities	6
Arts/culture/heritage	4
Sport/recreation	3
Accommodation/housing	2
Education Training Research	2
Religious Activities	2
Promotion of volunteering	1
Economic Development	1
Care/protection of animals	1
Environment/conservation	1
Not answered	3
<b>Total</b>	<b>61</b>

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[1] One response was not included in the analysis because the voluntary service described was part of a large regional Government organisation. The respondent did say that funding for it was uncertain due to the current geopolitical situation. Demand for its service had increased and changes in its funding would have a 'huge impact' for people the service helped in their time of need.

## Structure of Organisations

Most (68%) were registered charitable trusts.

Type of Organisation	Count	%
Registered Charitable Trust (Trust based)	32	52%
Registered Charitable Trust (Society based)	10	16%
Incorporated Society	9	15%
Charitable Trust (not registered)	1	2%
Unincorporated Society (informal group)	2	3%
Social Enterprise	1	2%
For profit company	-	-
Not sure	3	6%
Other	3	5%
<b>Total</b>	<b>61</b>	<b>100%</b>

## Annual Income

41% (25) had an annual income of less than \$140,000 and a further 34% (21) had an income of between \$140,000 and \$500,000.

Annual Income	Count	%
Under \$140,000	25	41%
\$140,000 - \$500,000	21	34%
\$500,000 - \$1 million	4	7%
\$1 million - \$2 million	3	5%
\$2million - \$5 million	2	3%
Over \$5 million	5	8%
Not answered	1	2%
<b>Total</b>	<b>61</b>	<b>100%</b>

# Organisations with Government contracts (n=22)

We asked if the organisation had any Central Government contracts from January 2023 to end of June 2024. If they did, we then asked:

- what Government ministries or agencies they received contracts from
- whether their current contracts were renewed, not renewed or had not yet heard as of July 2024

Respondents from 22 organisations said they received Government contracts. Agencies covered mainly Western Bay and two were in the wider Bay of Plenty.

## Type of organisation and income level

The majority were charitable trusts. Six had an annual income of over \$2m, and ten were under \$500,000.

Type of Organisation	Count	Annual Income	Count
Registered Charitable Trust (Trust based)	15	Under \$140,000	3
Registered Charitable Trust (Society based)	4	\$140,000 - \$500,000	7
Incorporated Society (membership based)	1	\$500,000 to \$1million	3
Not sure	2	\$1m to \$2m	2
Charitable Trust (not registered)	0	\$2m to \$5m	2
Unincorporated society or informal group	0	Over \$5m	4
Social Enterprise	0	Not answered	1
<b>Total</b>	<b>22</b>		<b>22</b>

## Organisations with Government contracts: sectors worked in

Social Services	Health	People with Disabilities	Accommodation and Housing	Other*
10	6	2	2	2

\*Other - art, culture and heritage; community development

## Main service areas

Main areas of work (multiple responses available)	Number of organisations
Family Whānau Support	6
Family Violence	5
Counselling	4
Children	3
Financial Mentoring	3
Mental Health	3
Youth Services	3

## Source of Government contracts

13 organisations received contracts from only one Government agency (four from MSD, four from Te Whatu Ora, two from Whaikaha Ministry of Disabled People; one from Oranga Tamariki, one from Creative NZ and one a new contract or income from Police). Five had contracts with two Government agencies and four had contracts with three or more.

The Ministry of Social Development was the most common funder, followed by Te Whatu Ora.

Government Agency	Number of organisations with a contract with this agency
Ministry of Social Development	11
Te Whatu Ora Health	8
Oranga Tamariki	6
Whaikaha Ministry of Disabled People	3
Unknown	1
Creative New Zealand	1
ACC	1
DIA	1
MHUD	1
MOE	1
Te Aka Whai Ora	1
Te Rau Ora (Māori health workforce)	1
Police	1
Not answered	1
Number of government contracts	Number of organisations
With one Government organisation only	13
Two govt agencies only	5
Three govt agencies only	1
More than three govt agencies	2
Not answered	1
<b>Total</b>	<b>22</b>



# Government contract status: renewed, not renewed or otherwise

The survey asked organisations to indicate in a three-choice drop down menu if, as at July, contracts had been renewed, not renewed or the organisation had not heard yet. Of the 17 answering, 13 organisations had their contracts renewed, although three had not heard about all of their contracts. Oranga Tamariki was the most often cited Government agency organisations had not heard from or had confirmation, followed by Te Whatu Ora.

Status of Government contracts as at July 2024	Number of Organisations	Additional Information
Government Contract(s) has been renewed	13	In comments, three organisations said some renewed, however they were waiting to hear on others, or had no specific details yet. Another said it was renewed with significant reductions in funding.
Not renewed	3	
Not yet heard	1	
Not answered	5	Of these five organisations, two said they had new contracts, with one running until mid- 2025. Three organisations were uncertain about some contracts. One had multiple contracts, with all renewed except one with OT, which it was waiting to hear about. Another organisation was also waiting on details following an OT generic email saying it would be renewed. A third was advised its health contract would be renewed but had not heard about its value.
<b>Total</b>	<b>22</b>	

As noted in the table's additional information column, the situation was not clearcut and was uncertain for some organisations. Some had heard about some contracts and not others or had only received a communication that their contracts would probably be renewed.

This meant uncertainty in carrying staffing costs and managing risk as noted in these comments:

*"Our Te Whata Ora contract expired on 30th June 2024 and they have confirmed it WILL be renewed. However, the detail is unclear and they expect service to continue (without us being able to make a claim as we are out of contract). We expect the contract in Sept/Oct. This is a long time to carry our cashflow and risk."*

*"Some contracts have been renewed or continued, some have not."*

*"It had been suggested by our OT contract manager that we accept no further client referrals until the contract is confirmed. However, that is scant benefit as we still have staff to be paid and their employment contracts to honour."*

*I understand that directives came 'from above' regarding budget cuts, and that many staff at OT have been affected personally. However, I believe the communication has been poor and much too slow, and created significant stress for us – which is ongoing until we hear details of any potential contract. The current situation does not align with the Government's previously stated commitment to increase support of mental health in the community."*

Also mentioned was that Government contracts were not keeping up with rising costs and demand, and were not including CPI adjustments.

Some contracts renewed were considered to have reduced in value because they did not cover inflation.

*"A minimal increase was granted but this was below inflation and the CPI."*

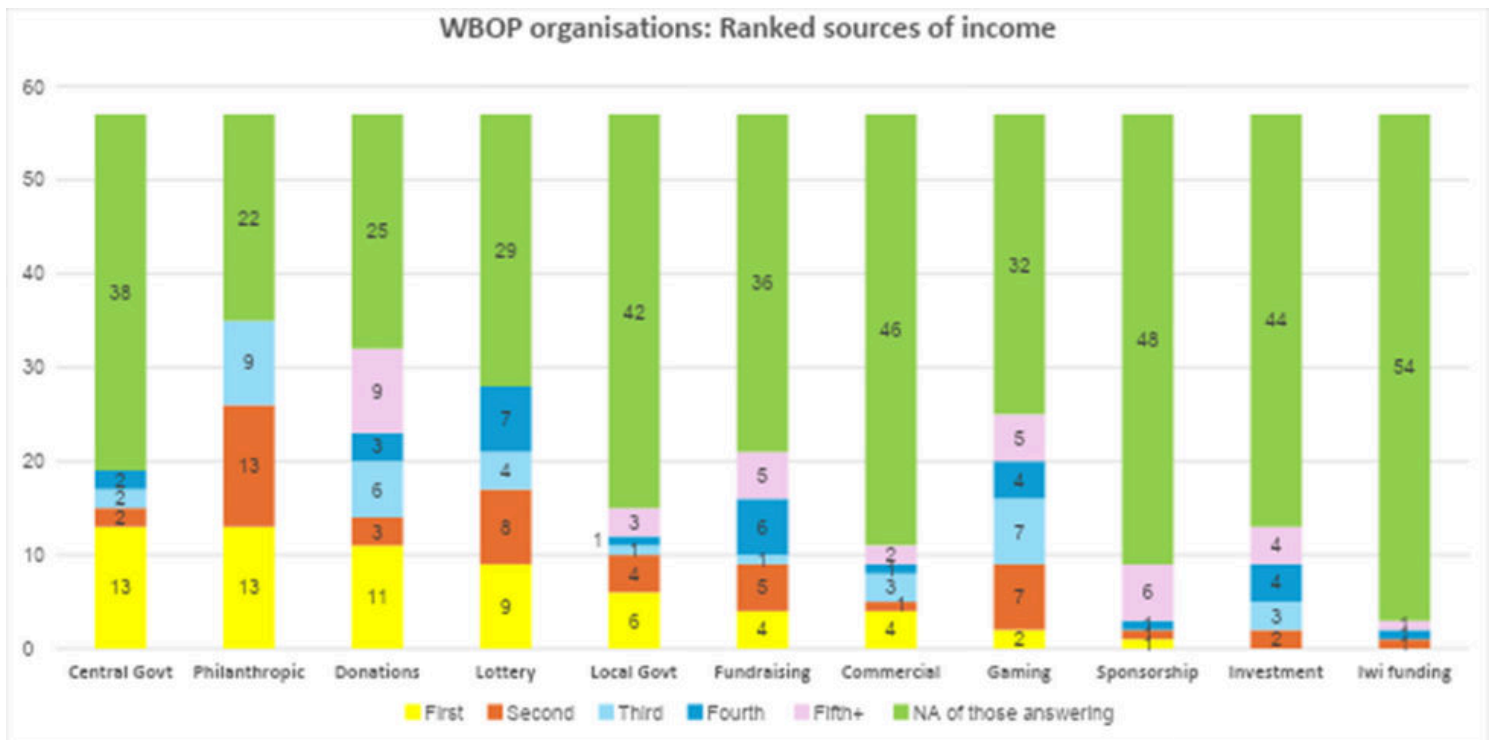
*"Very difficult time in the health sector to develop relationships with Commissioning teams and also contracts are generally not responsive to growth in demand for services."*

For one organisation, considerable additional funding needed to be found following government cuts:

*"Across our [specific sub] sector, there have been 44 services lose all their MSD funding and others cut by approximately 30%. We will need to find another \$100,000 this year to continue delivering at the same level."*

# All organisations: importance of and changes in income sources

Organisations were asked to rank sources of income from 1 (most important source) to 5+ (of fifth plus importance). The graph below shows for those 57 organisations answering this question how important Central Government, philanthropic, donations and lottery funding are as a first or second source. (In the graph the not applicable or NA section of each bar refers to the number of organisations that either did not have this as a source of income, or did not indicate any increase or decrease).



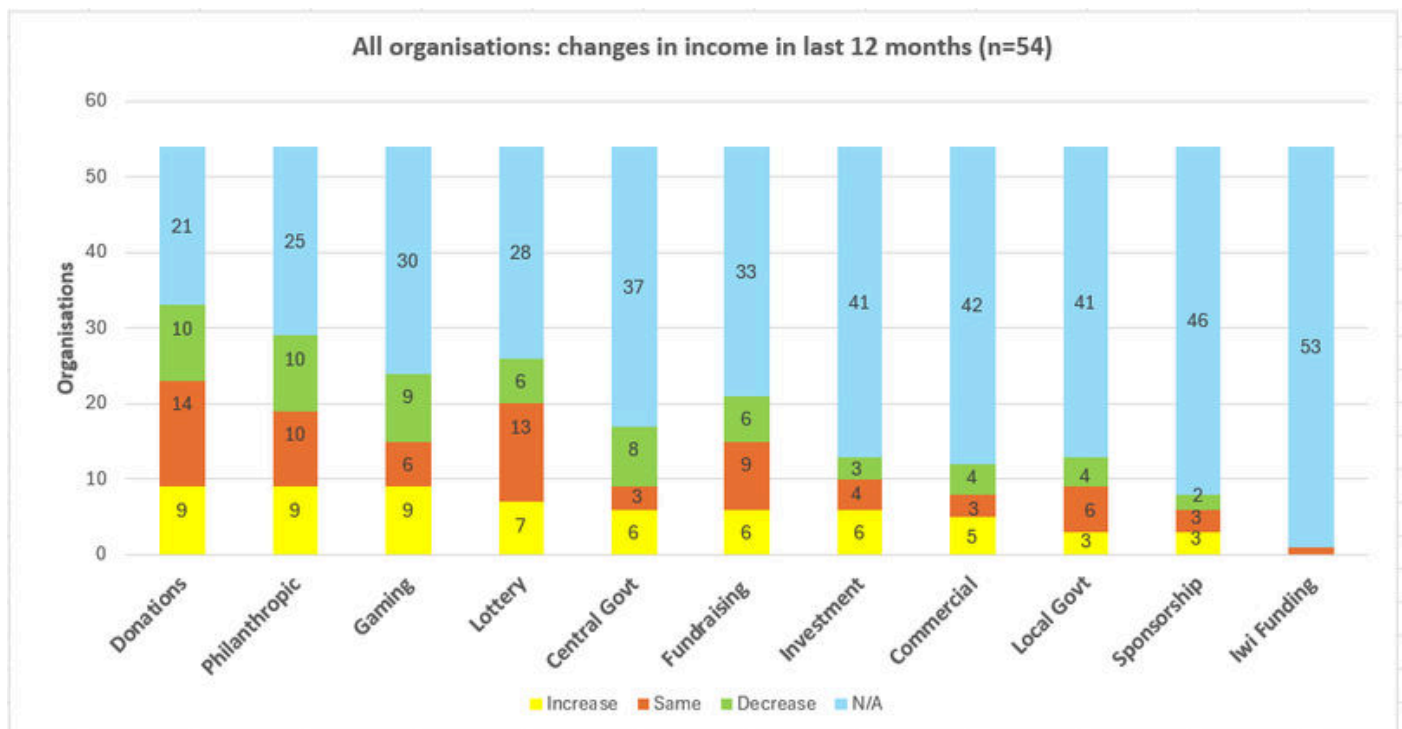
# Changes in income

Organisations were asked to identify if over the past 12 months, there had been an increase, a decrease or no change in what the organisation received from its sources of income. Almost all organisations had multiple sources of income.

54 organisations answered this question. More organisations were likely to report income had remained the same or decreased than had increased. For example, 24 of the 33 organisations reporting income changes from donations (73%) said the amount received had stayed the same or decreased. (In the graph, the not applicable or NA section of each bar refers to the number of organisations that did have this as a source of income or did not indicate change) not use or rank the source of income 1 to 5+).

Similar percentages were reported for same/decreases in amounts from Local Government (77%), lottery (73%), fundraising (71%), philanthropic (69%), and gaming (63%) income.

In terms of Central Government contracts, of the 17 organisations reporting a change in these, 65% (11) reported a decrease (8) or the same (3) in contract income. Six reported an increase.



## Organisations reporting income changes

Source of Income	Same or Decreased income	Increase in come	Total organisations with this as source of income	Same or Decrease percentage
<b>Donations</b>	24	9	33	73%
<b>Philanthropic</b>	20	9	29	69%
<b>Gaming</b>	15	9	24	63%
<b>Lottery</b>	19	7	26	73%
<b>Central Govt</b>	11	6	17	65%
<b>Fundraising</b>	15	6	21	71%
<b>Investment</b>	7	6	13	54%
<b>Commercial</b>	7	5	12	58%
<b>Local Govt</b>	10	3	13	77%
<b>Sponsorship</b>	5	3	8	63%
<b>Iwi Funding</b>	1	0	1	100%

# Annual Income Sources: Estimated percentage or dollar change in the past 12 months

Shifts in income may be affected to some extent by organisational activity, such as not doing as much fundraising activity, applying for more or fewer grants, and by general factors such as cost of living expenses reducing donations. A limitation of the survey is that we did not ask about changes to income generating activity.

## Income observations

Below are brief reports on five organisations which show their experience with income ups and downs.

**Organisation A** - a registered charitable trust working in social services with an annual income of \$1million to \$2 million said one Government contract of over \$300,000 had not been renewed, and income from philanthropic, gaming and lottery sources was down 50% to 60%. It had very little income from donations and fundraising which had stayed the same, as had investment income.

**Organisation B** - a registered charitable trust working in health with an annual income of \$140,000 to \$500,000, said it had a 20% increase in fundraising income, a 10% decrease in philanthropic income and a 25% decrease in gaming income. Income from donations and lottery sources had stayed the same.

**Organisation C** - an incorporated society working in economic and community development and with an annual income of \$140,000 to \$500,000 said local government funding had stayed the same, it had a decrease of \$6000 from philanthropic sources, offset by over \$10,000 increase from gaming and lottery funding but a reduction of \$16,000 from commercial activity.

**Organisation D** - a registered charitable trust working in social services and with an annual income of over \$5 million said it had a 10% decrease in government funding, a 5% increase in each of local government, philanthropic, commercial and investment sources.

**Organisation E** - a registered charitable trust working with people with disabilities with an annual income of \$140,000 to \$500,000 said it had a reduction in donations of 70%, an increase in philanthropic funding of 40%, and an increase in gaming income of 11%, but a decline in income from lottery of 100%. It had received increases of 16% and 11% from commercial and investment sources respectively.

**Organisation F** - a registered charitable trust working in community development with an annual income of under \$140,000 said income from donations and fundraising had stayed the same, and it had seen a decrease of 25% in philanthropic funding, a 50% decrease in gaming income and a 25% decrease in lottery income.

# Impact on organisations of income changes over the past 12 months

## Impact on staff and volunteers

Less money had staffing impacts including core staff picking up more work, and more voluntary work being done. Additional staff were not hired and there was less money for pay equity. One organisation had more short-term contracts (from three to one year contracts) which has consequences for hiring and retaining staff, including having fixed term contracts for new staff. Qualified staff moved on to better paid jobs in DHBs because providers could not match their salaries, even though they did the same work. This could result in an increase in non-qualified staff.

*"The quality of delivery will be different because experienced staff have left, which can impact on the client's needs met." [Staff moved to a better paid position because the organisation didn't get sufficient funding to enable pay equity].*

There was less security for organisations with delays in advertising vacancies and a consequent ripple effect for current staff because of increased workloads.

A lot less training was another consequence of not having enough funds for one organisation.

While some had experienced retraction in volunteer numbers, volunteers were a big part of carrying on.

*"We can luckily continue to provide the service by the grace of generous volunteers who help fill in the gaps."*

## Increased income provided capacity to meet increased community needs

Having funds meant more services and volunteers, and employing an extra person for one organisation. Donations meant the purchase of equipment, or enabling time to be spent on core business rather than spending some of it on funding applications and reports.

Inability to continue providing services also impacted on other organisations and services. For example, one organisation said reducing what they did would place increased pressure on other hospitals and aged care, which were already stretched beyond capacity.

## Looking more closely at coordination, collaboration and partnerships

Organisations were considering collaborative and alternative funding options so they could continue to serve their community.

*"We will still continue to provide services in the community and will look for other solutions to ensure we can meet the needs of whānau including more collaboration, alternative funding pathways to ensure sustainability of services required."*

*"We do our best to ensure we are still delivering our core initiatives. Through our partnerships and our youth panel we have developed some new initiatives to serve our communities' needs. However, with limited funding it will take a bit longer than hoped to roll these initiatives out as we are not able to hire additional staff until we receive funding to do so."*

Identifying what could be picked up by other organisations doing similar things was important. However, it was also noted that collaboration may become more difficult if not funded.

*"Another impact [of reduced funding] is that there will be a lot less collaboration within the community as we provide facilitation to all."*



# Changes in demand and community/client needs

## Demand for services

93% said demand for services had increased or stayed the same.

Demand	Number of organisations	Percentage*
Increased	41	66%
Stayed the same	17	28%
Decreased	2	3%
Not answered	1	2%
<b>Total</b>	<b>61</b>	<b>100%</b>

\*Rounded

Organisations reported the following in what they were seeing in the communities they worked in over the past 12 months:

- More needs to be met and often at a higher and more complex level, resulting from lack of affordable housing, cost of living and mental health issues.
- The rising cost of living was resulting in more demand for help from the middle-class sector on top of support for people on lower incomes, with greater debt levels. Increased demand was driven by more financial pressures on whānau and family, causing a ripple effect on food poverty, levels of stress, homelessness, family harm, mental health concerns, relationships and drug and alcohol issues. Poor housing conditions were contributing to increased unwellness physically and mentally. Organisations noted less attendance at some activities because families could not afford to self-fund them.
- More poor mental health being experienced by clients with less support for them. More issues for children around anxiety and lack of confidence and need for more mentoring services for young people.
- Demand was also driven by demographics, with more people reaching an age more commonly affected by health conditions and requiring help. Increased immigration and an increase in international students were also contributing to more demand for support.

## One summed up the cost of living issues:

*"Everyone needs everything now instead of just a few things. It's more common for our streeties to ask for undies and socks (because they don't have money left over in their benefit to buy them for themselves), our community pantry gets almost completely emptied every week because of the increase in requests for food parcels, and Good Neighbour has stopped sending us as much food (carry-on effect)."*

# Impact of changes to organisations' income for clients and community

## Reduced access to services and programmes

Most organisations said reductions in funding would lead to less ability to meet client and community needs. There would be a reduction in their services through measures such as reduced staff, reduced hours, limiting acceptance of referrals or limiting growth of services. Ways to mitigate this would be through finding alternative funds or 'having to do more with less'.

*"We may have to turn clients away, especially those out of our region."*

*"If we cannot fill the gaps, a massive reduction in the number of clients we can assist."*

*"Reduced funding -> reduced staffing -> reduced services. Needs will be unmet in the community."*

*"Less quality service delivery."*

Long-term, organisations were struggling to maintain services. One that had been operating for over three decades said its ability to continue to deliver and serve the community was difficult. Another said:

*"If we cannot get funding, this may be staff job losses, we will struggle to keep our pataka kai stocked to give out to whānau and we won't be able to help as much with clothes and furniture."*

*"It would be a big loss for the number of services that refer to our services. We provide support where no other group does."*

There would also be implications of service reduction or closure for other service organisations including Government agencies, who referred clients to social service and health providers.

One said people with disabilities would not be provided with specialised community-based services if they had to close.

*"If we have to close our service, [for] people with disabilities... our day programme, respite care, employment opportunities would not be continued on a voluntary basis, as this is a specialised field."*

The implications of Government policy and how it affected communities also concerned respondents. Some organisations referred to the reduction in private/personal funding for people with disabilities, with one saying clients were wary of paying for services because of this, and cost of living issues. These constraints had led to increased anxiety for clients.

### **Cost of services for clients**

Organisations noticed less attendance at some of their activities because families could not afford the cost. Another said it was having difficulty in affording rent for the rooms it used for education and would have to put up user fees if it could not source income from elsewhere. This would have a negative ripple effect for its clients in terms of their connections to family, banking, social and health services.

### **Increased funding meant more access and support for clients**

A small number of organisations had received increases in income which meant more development of services and activities.

More funding saw growth and expansion of service to clients, providing support for longer periods of time, expanding into other areas or being intentionally flexible to help with complex needs.

*"We are already seeing the changes for our clients with us being resourced and able to help more and for a longer period of time. Funding means that we are able to be intentionally flexible, which means that we are better set up to meet our clients' complex needs."*

*"Our services means that children with disabilities are gaining special needs to wellness in an impactful way, and we have the product and resources to support our families - more than we have ever had in the past."*

*"We are lucky. We have increased revenue so no negative change."*

Others saw the demand and need for their services but could not fulfil it.

*"If we had more money, we could increase our capacity to support our vulnerable youth. Making the community safer for our rangatahi, their whānau and the wider community."*

*"More tane wanting to enrol in the programmes we offer, but with minimal funding having to postpone programmes."*

Some organisations had got funding which contributed to raising public awareness of their activities. One arts and culture organisation was able to develop more fun-oriented community involvement events and another working in the heritage area said their visitor numbers and participation were up as a result of funding it had received.

Another noted that while the cost-of-living crisis was affecting artists and creatives particularly negatively, it had been able to extend its services and support communities it struggled to reach, such as youth and migrant communities.

*"It will mean that we can spend more time with local people face to face. We are very grateful for the funding we receive, but I must admit it was great to receive a sizeable donation from an individual in the community who wanted to show appreciation for the work that we are doing."*

# Appendix 1

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## **The survey asked:**

What part of the sector the organisation worked in (using Charity Services Classifications) eg Accommodation/Housing; Community Development, Social Services.

What service areas the organisation worked in.

What type of structure the organisation had.

Its annual income range for the last financial year (under \$140,000; \$140 -\$500k; \$500k – \$1m; \$1m-\$2m; \$2m-5m; over \$5m).

Whether the organisation had any Central Government contracts from Jan 2023-2024.

If they did,

- an optional question on what Government ministries/agencies they received contracts from
- what their current situation was with Government funding ie – contract renewed, contact not renewed, not yet heard
- also able to comment on this.

For all organisations we asked them to rank in order their sources of income from a provided list, from 1 being the highest source of income to second, third, fourth and 5+.

We asked whether that source had increased, stayed the same or reduced over the past year.

We also asked them to estimate the extent of percentage or dollar change up or down of those sources that had changed.

What they thought was the impact of any changes in funding on their organisation, for example on staffing, volunteers, changes in services delivered.

If the demand had increased, stayed the same or reduced in the past 12 months.

If they are seeing any changes in terms of community and/or client needs.

Finally, what impact did they think any changes to their organisation's funding will have on the community or clients they served.



**SocialLink sincerely appreciates the support from the organisations that completed this survey.**

**Ngā mihi nui.**

**Uhia te korowai kahui ki te iwi hei tauawhi, hei akiaki ki te ao angitu**

Spread the folds of the korowai to all, as a means of support and encouragement in pursuit of success

**We are grateful for the support of our Funders.**

