Environmental Scan

October 2021

St Vincent de Paul Society NSW

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Contents

1. Introduction

Background

This environmental scan was produced to inform the strategy process of the political, economic, social and industry trends that may impact the Society in the near future and to which our organisation must strategically respond.

Purpose

The purpose of this activity is to ground strategic planning in the realities of the environment in which we operate in order to determine the most important forces or changes of strategic significance. As such we anticipate this scanning process to evolve in response to new learning and refine as we consider the future opportunities of the Society.

2. Current and emerging external factors

2.1. Socioeconomic and political factors

2.1.1. Economic outlook

While indicators for first half of the year suggested a faster economic recovery than previously anticipated,[1] the current outbreaks of the COVID-19 delta variant across Australia, and the resulting lockdowns, have introduced a high degree of uncertainty to the economic outlook for the second half of this year. Further large outbreaks are possible, but the need for extended lockdowns should diminish as vaccination coverage increases.

The economy is still forecast to rebound from this setback as restrictions ease, as it has from previous lockdowns. Even though the Australian economy entered this challenging period in a strong position, the GDP will contract noticeably in the September quarter. The GDP is still forecast to grow by 4% by December 2021 (down from 4.75% anticipated in the pre-delta outbreak forecast).[2] Health outcomes are the main uncertainty for the outlook and will determine when and how quickly the economy bounces back. Inflation is forecast to rise above 1.75% by the end of 2022.[3]

2.1.2. Government investment

The NSW government has recently announced a $500 million investment in tackling domestic and family violence aimed to increase the number of refuges for women and children escaping abuse. The funding is expected to be delivered over four years to operate an extra 75 refuges.

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[1] Prior to the recent delta outbreak and associated lockdowns, the Australian economy had established strong underlying recovery. GDP growth was forecast to 4.75% growth over 2021. The unemployment rate had declined to 5.6 per cent in May 2021 - around 0.5% above the pre-pandemic level (Reserve Bank of Australia, Statement on Monetary Policy – May 2021)).

[2] Reserve Bank of Australia, Statement on Monetary Policy – August 2021.

[3] Ibid.

The NSW government is also set to announce a recovery package that is expected to prioritise the needs of business owners and residents in Sydney's west and southwest.

There is strong political interest as Western and South Western Sydney are seen as the hubs that will decide the next state election.

Community leaders and organisations are putting forward proposals for post-pandemic recovery that include addressing existing inequalities and disadvantage identified prior to the pandemic. The Sydney Alliance, of which the Society is a member, recommends the following priorities for immediate investment:

- Support for individuals (EAPA awareness, Income support advocacy) and small business (debt and arrears).
- Capital investment that addresses identified areas of need, many of which the pandemic so starkly highlighted. This includes social housing, civic infrastructure and community assets (funded via council) and sustainability initiatives.
- Job creation initiatives that will help match groups disproportionately impacted by the pandemic (international students, people seeking asylum, women) with opportunities that will be created as we emerge out of lockdown[4].

2.1.3. Labour market

The lockdown restrictions on activity have resulted in a substantial decline in average hours worked, and an increase in the number of people on zero hours due to workers being stood down.

The unemployment rate was reported at 4.5% in August 2021, a 13-year low. However, while the number of unemployed people declined, the number of people in the labour force also declined – the number of people considered officially unemployed fell last month not because they found jobs, but because they dropped out of the labour force completely. A total of 146,300 jobs were lost from July to August 2021.[5]

Additionally, international border closures resulting from the government response to the COVID-19 pandemic are impacting the flow of semi-skilled workers that some of our services rely on. Aged care providers have warned international border restrictions are beginning to cause acute workforce problems in that sector[6].

2.1.4. Uncertainty of future government supports

The nature and speed of growth post the delta outbreak is uncertain. The JobKeeper program and various social assistance measures played an important role in boosting household incomes over the past year and the federal government provided significant assistance to businesses that lost revenue as a result of the COVID-19 pandemic and associated lockdowns. However, these programs have

[4] Sydney Alliance (Sep 2021) Without community, there is no community recovery.
[5] ABS (Aug 2021) Labour Force, Australia
[6] https://www.theguardian.com/australia-news/2021/sep/15/australias-aged-care-workforce-under-strain-amid-international-bordure-closure-provider-warns

largely expired. Assistance to businesses during the current lockdown is only being provided by the NSW State Government and is much more limited. Demand for services is likely to be further exacerbated for marginalised communities left out of Commonwealth budget responses as part of its economic recovery plan, including young people, people experiencing homelessness or housing stress, and people with a disability.[7]

During the FY19-20, the Society received 38.5% of its funding from government sources, most of which is in the form of short-term government contracts. While this valuable funding has allowed us to delivered services to the people we assist; the uncertainty of future government funding and funding transition processes may cause unnecessary disruption and could have a negative impact on our services.

Additionally, there is limited flexibility in how government funds are used and acquitted, hampering the capacity to respond to localised needs and to innovate. Moreover, many of our government-funded services require to be co-funded by the Society, directing discretionary funds to support government-mandated services.

One of the top strategic risks identified by the Board is the likelihood of the Society's resources being insufficient to meet increasing needs. While some mitigations are in place we need to define:

1. What are the emerging needs in the community and will we try to address them?
2. Where and how can we provide the most value?
3. What is our role and how can we continue to advocate for the people we assist and for our services to influence government in developing policies and programs that benefit the most disadvantaged?

2.2. Community Services sector

2.2.1. Effects of the COVID-19 pandemic on the community services sector

ACNC data indicates that immediately prior to the bushfires and COVID-19 pandemic the community services sector was robust – charities employed 11% of the Australian workforce and received $166 billion, with $11.8 billion coming from donations. This is an increase of $1.3 billion in donations from the previous year. Charities also distributed $7.2 billion in grants and donations within Australia (an increase of 27% on the previous year) and just under $2 billion in grants and donations outside of Australia (up 20% on the previous year).[8]

During the 2020 COVID outbreaks, JobKeeper and other forms of stimulus provided some protective conditions for the sector during the height of the first wave of the pandemic in Australia with many organisations claiming JobKeeper,[9] but it is still unclear the effect that the phase out of the

[7] Centre for Social Impact (October 9, 2020). CSI Budget Response
[8] ACNC (2021). Australian Charities Report 7th edition
[9] Muir, K., Carey, G., Weier, M., Barraket, J., Flatau, P. (2020). Pulse of the For Purpose Sector Final Report: Wave One. Centre for Social Impact. Sydney.

JobKeeper program will have on Australian charities, particularly in light of the delta outbreak. It is estimated that with a 20% fall in revenue:

- 88% of charities would immediately be making an operating loss
- 17% would be at high risk of closing their doors within six months, even when taking their reserves into account
- more than 200,000 jobs could be lost as a result of cost-cutting and organisational closures.[10]
- 52% of organisations worried they wouldn't be able to continue to provide their services in the current environment.[11]

With a large percentage of charities severely affected by the COVID-19 pandemic, some opportunities may present in the next few months. Some of the scenarios we should consider are:

- Charities seeking to collaborate or merge with organisations in a better financial position.
- Charities unable to continue operations and filing for administration.
- Increased competition for grants, contracts and government funding.
- Increased competition for fundraising and donations.

How will we respond?

2.2.2. Increased service demand

Demand for services and supports increased during 2020, with eight in 10 organisations reporting an increase in demand.[12] In 2021, Infoxchange data[13] shows:

- a dramatic increase in Alcohol and Other Drug (AOD) searches in the first half of 2021
- an increase in NSW searches for Financial Assistance (Non-Centrelink) as a result of the introduction of restrictions in Sydney – a growth of 92.2% when compared with the 50-day pre-lockdown period, with a growth rate of 145.6% in Greater Sydney
- 25.8% growth in food searches state-wide, with a growth rate of 46.1% in Greater Sydney.[14]

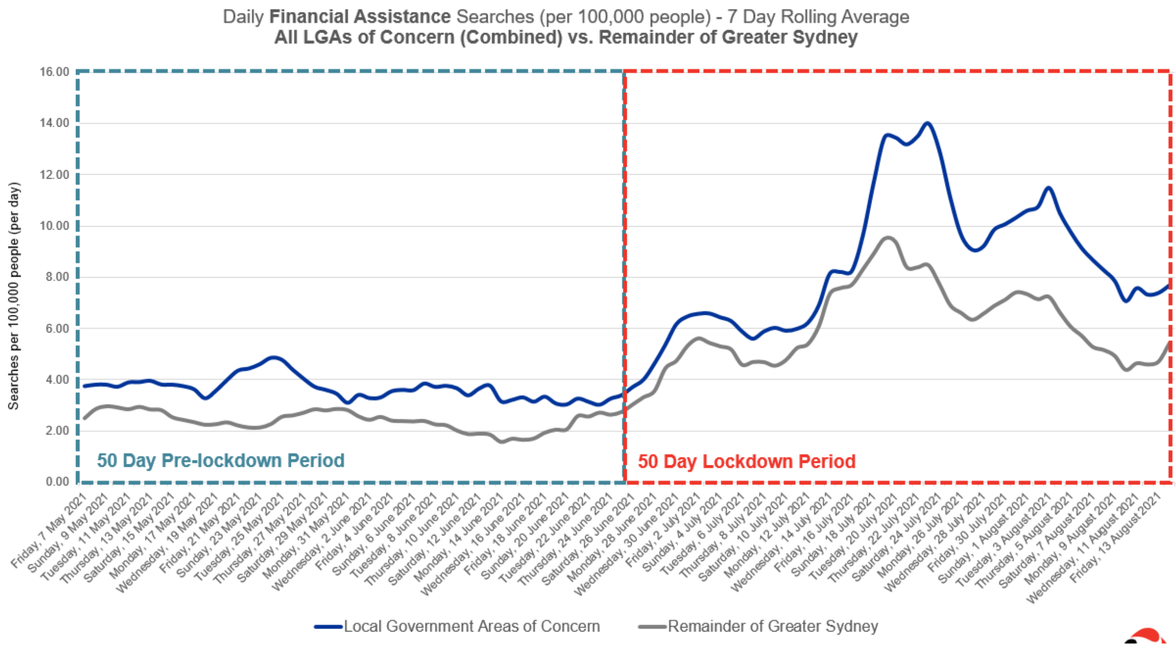
[10] Social Ventures Australia and the Centre for Social Impact (2020) Will Australian charities be COVID-19 casualties or partners in recovery? A financial health check. Social Ventures Australia.
[11] Muir, K., Carey, G., Weier, M., Barraket, J., Flatau, P. (2020). Pulse of the For Purpose Sector Final Report: Wave One. Centre for Social Impact. Sydney.
[12] Ibid
[13] Infoxchange is a service directory containing records for over 370,000 community and government services covering a broad variety of service types. Most of these searches (65% - 75%) are undertaken via the Ask Izzy app/website (www.askizzy.org.au), with the remainder undertaken via various national, state and local front end search capabilities.
[14] Infoxchange (2021) Service directory searches (including ask Izzy) Lockdown Analysis

Clusters of concern

The implementation of the initial additional lockdown restrictions within the cluster of nine local government areas (LGAs) is of a particular concern given the high level of individual, household and community socio-economic disadvantage and vulnerability of the population within the cluster.

Within this cluster, 185,690 households (26.7%) are defined as severely disadvantaged. Some of the LGAs within the cluster have much higher rates of disadvantage. In Fairfield 36.3% of households are severely disadvantaged, 31.3% in Canterbury-Bankstown, and 29.2% in Cumberland.

The number of searches within the LGA of concern cluster have increased dramatically. This increase is noticeably higher than the increase in searches also observed in the remainder of Greater Sydney during the lockdown period.[15]



Source: Infoxchange

Additionally, increased service demand is expected particularly in the areas of domestic violence and employment. This is consistent with research noting a spike in domestic violence,[16] and increased unemployment particularly for low-skilled and marginalised groups since the pandemic began.[17]

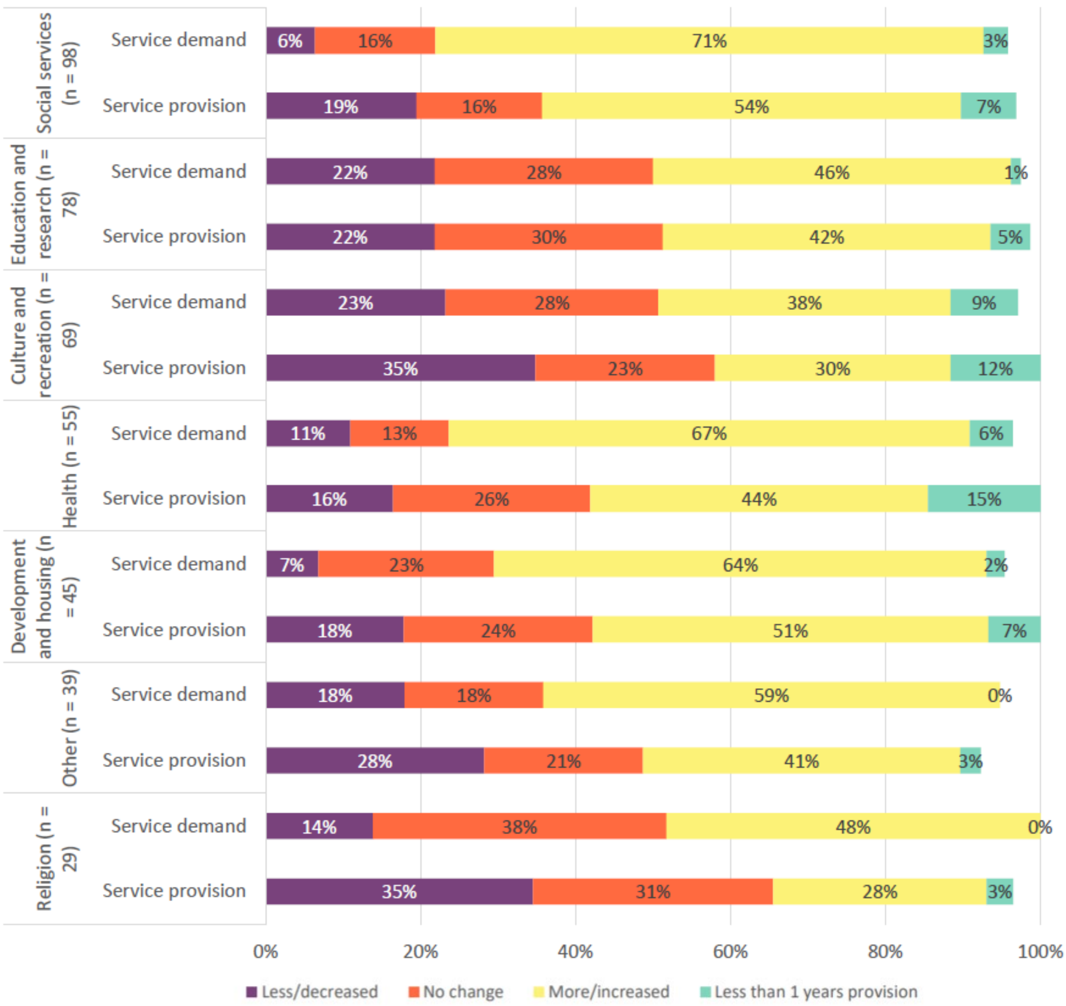
The graph below from the Pulse of the For Purpose Sector report shows that social services, health, and development and housing experienced service demands at a significantly higher level than their pre-pandemic levels of service provision. Most service types were planning on increasing their service volume in particular for health (66%), social services (61%), education and research (59%), and development and housing (58%).

[15] Ibid

[16] Pfitzner, Naomi; Fitz-Gibbon, Kate; True, Jacqui (2020). [Responding to the 'shadow pandemic': practitioner views on the nature of and responses to violence against women in Victoria, Australia during the COVID-19 restrictions.]

[17] Roy Morgan (August 26, 2020). [Two-thirds of working Australians have had their employment impacted by COVID-19 – Victoria, NSW and Tasmania hardest hit]

Change in service demand and provision in 2020 – surveyed November 2020[18]



Source: Pulse of the for Purpose Sector Final Report: Wave One.

2.2.3. Unmet needs

A community needs analysis is being conducted by the strategy team. Preliminary findings are listed below. We will continue to analyse geographical locations of concern, service gaps, and gaps between client cohorts requesting assistance and those assisted by Vinnies.

[18] Muir, K., Carey, G., Weier, M., Barraket, J., Flatau, P. (2020). Pulse of the For Purpose Sector Final Report: Wave One. Centre for Social Impact.

Homelessness and housing needs

- **The number of people experiencing homelessness in Australia is increasing at a higher rate that the population growth rate.** According to data from the 2016 Census, there were 116,000 people experiencing homelessness in Australia.[19] Although this is currently the most recent official data on homelessness, reports from homelessness services indicate a rising rate of homelessness as the result of the COVID-19 pandemic.
- **New South Wales is experiencing the highest increase in homelessness in the country – a 37.3% increase from 2011 to 2016, compared to a national increase of 13.7%.** [20] NSW also has the highest turn away from homelessness services in Australia.[21] Currently there are 50,000 people waiting for social housing in Australia, with wait times of up to 10 years.
- **The best way to reduce homelessness is to provide more social housing with appropriate supports for people who need a home.** But Australia has a shortfall of 433,400 social housing properties.[22] Additionally, as of June 2020 New South Wales has seen a reduction of social housing, with 700 fewer public and community housing homes than there were one year earlier.[23]
- **Aboriginal and Torres Strait Islander people remain hugely over-represented within NSW homeless population, with a 10-fold higher rate of homelessness than the general population.** Moreover, in the four years to 2018–19, Aboriginal community service users increased by 26%, well over twice the rate of increase of non-Indigenous service users (10%)[24].
- **In NSW, women aged over 55 are the fastest-growing age cohort** within the homeless service user population, with an increase of 31% between 2011 and 2016.
- **Family and domestic violence and mental health are the most cited factor aggravating housing insecurity and homelessness.** The most frequently cited factor aggravating housing insecurity and homelessness among homeless service users is family and domestic violence, with 31% citing this as the main reason for which they were seeking support. The second most frequently cited associated issue among those seeking help from homelessness services is mental health issues. The incidence of mental ill-health as a contributory factor rose from 25% to 30% of assisted service users from 2015 to 2021, with 19% citing mental health issues as the main reason for which they were seeking support.
- **AOD problematic use is also an aggravating factor.** 8% of service users reported drug and alcohol misuse, with 6% citing problematic drug or substance use as the reason for which they were seeking support.[25]

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[19] Australian Bureau of Statistics, 2016, Census of Population and Housing: Estimating Homelessness
[20] Homelessness NSW, 2021, More than temporary? An evaluation of the accommodation of people sleeping rough in inner city Sydney during the COVID-19 pandemic
[21] Katherine McKernan, 2021, NSW Budget: Rising Property Prices Leaving Thousands Homeless While Government Squanders Windfall
[22] Lawson, J., Pawson, H., Troy, L., van den Nouwelant, R. and Hamilton, C. (2018) Social housing as infrastructure: an investment pathway, AHURI Final Report 306, Australian Housing and Urban Research Institute Limited
[23] Australian Government Productivity Commission, 2021, Report on Government Services 2021
[24] Hal Pawson, Cameron Parsell, Edgar Liu, Chris Hartley, Sian Thompson, 2020, Australian Homelessness Monitor 2020
[25] Australian Institute of Health and Welfare, 2021, Specialist Homelessness Services: Monthly Data, 2021

- **The highest growth on homelessness rate from the 2011 to 2016 period has been in Western Sydney and the regional towns of Gosford, Tweed and Tamworth.** The highest number of people experiencing homelessness in Western Sydney are located in Auburn, Fairfield, Cabramatta and Granville and homelessness growth rates of 219% in Auburn and between 61% to 93% in East Hills, Lakemba, Cabramatta, Wakehurst and Seven Hills and Granville. These are followed by regional areas such as Gosford, Tweed and Tamworth with between 57% and 68% increase on homelessness rate.

- Generally, the NSW homelessness population is concentrated in urban/metropolitan areas, particularly in Sydney, Auburn, Newtown, Strathfield, Summer Hill, Fairfield, Cabramatta and Granville – all with over a thousand homeless persons and a rate per 10,000 of 100 and above.

- However, it should be noted that there are regional and rural areas, such as Tweed, Gosford, Tamworth, Shellharbour, and particularly Northern Tablelands, Lismore, Barwon, Coffs Harbour, Ballina, Clarence and Oxley, which also have a notably high homelessness population relative to their population.

- **Key needs and service gaps:**
  - Investment in social housing as well as a focus on early intervention and prevention programs are required to reduce the growing rates of homelessness.
  - As the main service gap in NSW is the availability of housing, it is extremely difficult to implement the best practice model of Housing First.
  - Emergency accommodation is a significant need that is often not met – the lack of emergency accommodation affects women disproportionally as they are more than two times likely to request these service than men[26].
  - Wraparound supports such as health, mental health and AOD treatment services.
  - Service models tailored to the needs of specific cohorts such as for Aboriginal and Torres Strait Islander people, young people, or people exiting custody.
  - Exploration of geographical service gaps in regional areas where both housing and homelessness services are sparse – particularly those in which there is a high growth on the rate of homelessness such as Northwest NSW, Tamworth, Tweed and Cootamundra (noting the latter is outside The Society's domain and corresponds to St Vincent de Paul Society ACT).

AOD treatment

- There has been an increase in demand for treatment services over the past decade, placing further pressure on an already stretched AOD treatment system.

- An estimated 200,000 to 500,000 people each year across Australia need and seek AOD treatment but do not receive it.

- There is a severe shortage of residential AOD treatment beds in regional, rural and remote New South Wales.

[26] Australian Institute of Health and Welfare, 2020, Specialist Homelessness Services: Unmet Demand for Specialist Homelessness Services

- A lack of withdrawal management services is a significant barrier to treatment.
- Long wait lists are also identified as a major barrier to entry into rehabilitation – there are 29 residential rehabilitation facilities across NSW with 31% having a wait list of one to two months, while 21% have a wait list of three to six months.
- There is a need for more specialist mental health input into AOD services.

Mental health

- Mental health is a key driver of significant societal issues such as AOD misuse and the risk of homelessness.
- Increasing numbers of people are turning up in emergency departments or homelessness services with significant mental health difficulties.
- For young people, mental health is the most frequently nominated issue of concern, with suicide the leading cause of death.
- There has been an increase in the proportion of young people with psychological distress in Australia. Prevalence of psychological distress was higher for:
  - Young people who identified as female or non-binary compared to young people who identified as male.
  - The prevalence of psychological distress has increased over time at a proportionally greater rate for females compared to males.
  - Aboriginal and/or Torres Strait Islander young people compared to non-Indigenous young people.
  - Young people with disabilities (including mental illness) compared to young people without disabilities.[27]
- Longer-term mental health community-based supports are under-resourced and it is unclear whether additional resources will be provided to these community-based supports to manage additional clients as part of announced budgets.[28]

Disability

- Vinnies Services staff reported there is a waiting list for respite services for people with disability.
- 41% of people with a disability in NSW reported that their needs were only partly met or not met at all in the latest ABS Survey of Disability and Carers.[29]

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[27] Brennan, N., Beames, J. R, Kos, A., Reily, N., Connell, C., Hall, S., Yip, D., Hudson, J., O'Dea, B., Di Nicola, K., and Christie, R. (2021) Psychological Distress in Young People in Australia Fifth Biennial Youth Mental Health Report: 2012-2020. Mission Australia: Sydney, NSW.
[28] NCOSS (2021) https://www.ncoss.org.au/policy-advocacy/policy-research-publications/ncoss-analysis-nsw-budget-2021-22/
[29] Joanna Quilty, NCOSS (2021) Presentation to Catholic Social Services Forum NSW/ACT

- 45,000 people in NSW are not receiving psychosocial support services at the full implementation of the NDIS.[30]
- 32,660 people in NSW were waiting for approved home care packages in January 2021.[31]
- NDIS market data shows the highest underutilisation of NDIS plan supports are located in the Far West and Western NSW, indicating unmet needs and gaps in service provision in those locations.

Socioeconomic disadvantage

The community needs analysis will portray the intersectionality of socioeconomic disadvantage with geographical and demographical data – this will allow us to better analyse potential localised and targeted service delivery.

Preliminary findings show that:

- There is wide variation in the distribution of significant economic disadvantage – with overall poverty rates for different locations ranging from a low of 4.1% (Queanbeyan region to a high of 28.3% (Guildford-South, Granville). 13.3% of the total NSW population live below the poverty line.[32]
- The following groups have poverty rates well above average:
  - people in households whose main income earner is unemployed (66%) or out of the labour force (45%)
  - public housing tenants (58%) (reflecting the highly targeted nature of public housing and its scarcity)
  - children in sole parent households (44%)
  - people in households whose main income earner receives Youth Allowance (43%), Newstart Allowance (57%), Parenting Payment (54%), or Disability Support Pension (41%)
  - people aged 65 years and over who are not homeowners or purchasers (39%) (this is mainly people who are renting their housing, and also includes some whose housing status is neither homeowner/purchaser nor renter).
- Cumulative risk factors and socio-economic barriers result in Aboriginal and Torres Strait Islander people and people with disability experiencing double the rates of significant economic disadvantage compared to the general NSW population.
- There is a need for greater development, and funding to ensure that Aboriginal and Torres Strait Islander people are receiving culturally safe services that are community led.[33]

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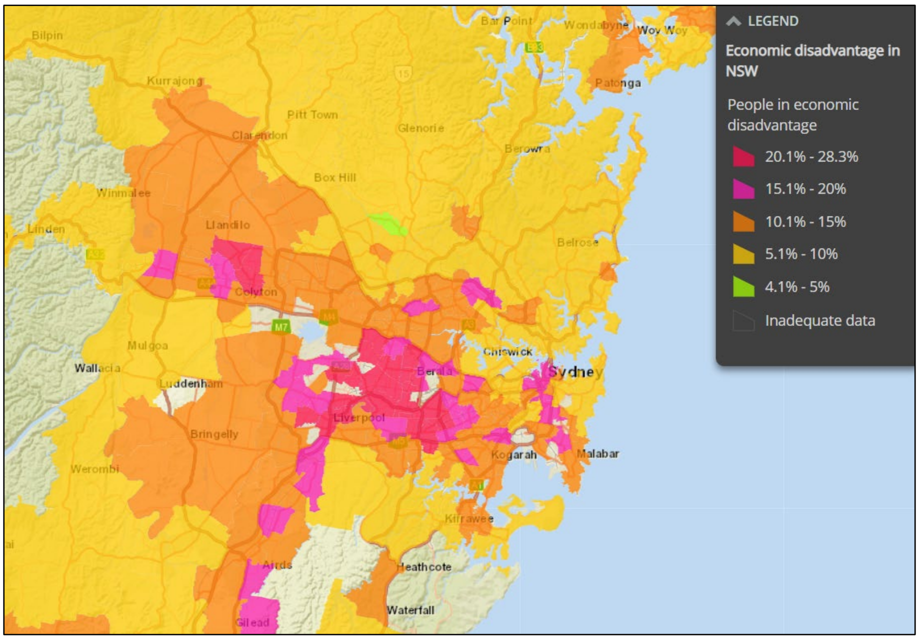
[30]Ibid
[31]Ibid
[32] Vidyattama, Y., Tanton, R., and NSW Council of Social Service (2019). Mapping Significant Economic Disadvantage in New South Wales, NATSEM, Institute for Governance and Policy Analysis (IGPA), University of Canberra.
[33]Joanna Quilty, NCOSS (2021) Presentation to Catholic Social Services Forum NSW/ACT



Source: NCOSS. Interactive map available here.

2.2.4. Service gaps

Further analysis on services gaps will be conducted by the strategy team to identify the location of existing internal and external services against identified needs. As part of this exercise, we have collected information from Vinnies Services managers and team leaders to correlate with findings from the community needs analysis. They reported the following service gaps:

Housing and Homelessness Services – case management identified gaps

- Housing
- Mental health services for case management services (for our youth services, there is a 5-month waiting list for suitable mental health services for young people)
- AOD workers on site and youth AOD worker for youth services

Housing and Homelessness Services – youth/early intervention identified gaps

- Parenting programs/family support
- Youth support workers
- Sexual assault counselling and other specialist counselling
- Young perpetrator programs
- Crisis accommodation youth and accommodation program
- Drop-in program/youth group for living skills

Health Services (clinic) for our client cohort

- Dental care is limited
- Servicing women (internal gap)
- Child and family health
- Access to a psychologist

AOD services

- Access to mental health services
- Financial support for people to access services (for transport costs)
- Access to technology equipment and skills to use remote services
- Housing

Disability

- Access to professional mental health services for dual diagnosis.

Inclusion

- To be advised.

2.2.5. Development of the community sector

There are increased expectations of community sector organisations to have robust governance practices and sound infrastructure to support service delivery. These expectations include increased regulation as well as oversight by funding bodies including governments.

There have been several government inquiries over the last years, with recommendations remaining remarkably consistent. Broadly, they emphasise:

- The need for system integration and joined-up working across the services system.
- That competition and contestability is a source of efficiency and innovation, though which models are fit-for-purpose is a source of much debate.
- That to ensure system integration and effective service delivery, governments need to act as 'system stewards'.
- As part of their role as system steward, the government needs to undertake workforce reform including attracting, training and retaining workers to the sector and ensuring good wage growth.[34]

Additionally, the introduction of the National Disability Insurance Scheme has transformed approaches to the provision of services for people with disability in Australia and has required us to re-imagine the way in which we provide services to people with disability. Likewise, the shift to outcome-based funding announced by the Department of Justice and Communities will require us to adapt strategies and operations in order to compete in a more commercial environment.

[34] Carey, G., Weier, G., Barnes, E., Muir, K. (2020). Moving the Conversation Forward. A decade of reform recommendations for the community services sector. Centre for Social Impact UNSW. Sydney.

As we continue to enhance our governance practices, systems and infrastructure to enable compliance and efficient delivery of our services, what actions should we take to remain relevant in a market-driven environment?

• how to compete with new entrants including social enterprises and for-profit providers
• how we market our services (and the Society) and how we want to be perceived to be able to compete in this environment
• the need to be able to clearly articulate our service models, theory of change, outcomes and target cohorts to be able to compete in the market
• our ability to articulate cost of our services and to demonstrate how we leverage our resources to provide 'value for money'
• how we can leverage our tradition, brand and resources to make us more competitive
• how we can attract professional and capable employees that can deliver high quality services.

Innovation in service delivery

With increasing poverty levels, homelessness and competition for housing, social innovation is becoming increasingly important in developing new solutions to persistent social challenges.

Additionally, in a highly competitive environment in which external competition for funding and service delivery is increasing, innovation can be a powerful competitive advantage. Some of the potential benefits of innovation for the Society could look like:

- finding new ways to deliver outcomes for the people we assist
- providing innovative initiatives back to government – especially where early interventions may save public spending over the long term
- innovative collaborations with philanthropy, corporate, social enterprises and other NFP organisations to co-create change
- improving the Society's capacity to grow and thrive in an ever-changing environment
- new business models that reduce dependence on grants, funding and donations.

•What would an innovative Society look like? What would it take for the Society to become an innovate organisation?
•How can we start the journey to become an innovative organisation?
•How can we develop the organisational and people skills and capabilities to be responsive and adaptive to changes?

2.3. Nature factors

External influences, including bushfires, drought and the COVID-19 pandemic have required resource-intensive responses, including emergency response planning, work redesign and the development of extensive safety measures.

Impacts of climate change on the NSW economy

Climate change related extreme weather events are likely to persist in the future and these will have a significant impact on the livelihoods of our communities. We will likely be involved in the response to natural disasters both directly and indirectly.

The impact of climate change will depend on both the future trajectory of global greenhouse gas emissions and the way they impact the global and local climates. NSW Treasury modelling shows that the NSW economy could lose $4.5 billion in annual income by 2060-61 as a direct result of climate change.[35]

Role of the Society

Given the adverse macroeconomic forecast and projection of more frequent environmental challenges, the Society will need to be resourceful and maintain agility to adapt and respond to a challenging environment to ensure continuity of operations and emergency responses.

The Society also has an obligation to combat climate change – through for example, embracing net zero policies; enhancing and further articulating our place in the circular economy and ensuring the energy efficiency of our operations.

Is there a role for the Society to evolve reactive emergency responses to also offer planned and well-resourced community preparedness and resilience-building services?

2.4. Retail sector

There are increasing pressures facing the retail and fundraising sectors from which we source income to fund our services and the crucial work of our members, such as new donation trends, changes in retail market and the impact of the COVID-19 pandemic in the retail sector.

Prior to the current delta outbreak, lockdowns and the effect of the COVID-19 pandemic on the services industry drove an increased consumer expenditure in retail. However, consumption patterns were rebalanced early in 2021. Clothing, footwear and personal accessory retailing fell 9.5% (-$240.8m) in June (pre-delta lockdown), and 15.7% (-$304.4m) in August 2021.

Other factors affecting our retail network are:

- Online and app shopping is a new trend. There has been a growth of online shop and apps for selling personal clothes. This has consolidated in the UK and Europe and is now starting

[35] NSW Treasury, An indicative assessment of four key areas of climate risk for the 2021 NSW Intergenerational Report, 2021 Intergenerational Report Treasury Technical Research Paper Series, TTRP 21-05, 2021.

in Australia. For our retail, there are challenges to building a viable online presence with limited quantities, sizes and variety.

- Competition for donations now include competition with fashion houses. Large fashion houses have started take-back schemes, reducing donations from our pipeline. Our retail is needing to consider partnerships with fashion houses and how we can compete.
- There have been changes in our customer base from low income to all-encompassing customers; there is an increase of knowledgeable customers interested in sustainability and second-hand shopping.
- There is a decline in overall quality of donations due to the rise of fast fashion – this brings about issues with recycling and sustainability. With donations being increasingly low quality, they cannot be sold and are used for exports only.
- It is anticipated that second-hand clothing will overtake fast fashion, with resale expected to grow 11 times faster than fast fashion over the next few years.[36]
- Our retail business model relies on volunteers – with an aging volunteer workforce we need to consider different strategies to attract young volunteers.
- There is an increase on compliance requirements and increase reporting relating to modern slavery and the supply chain.

2.5. Fundraising sector

While the proportion of Australians supporting and donating to charities remains consistent over the years, people are increasingly donating when they hear about a need or an issue or when they are approached for a donation or support rather than committing to regular donations throughout the year.

68% of donors report they want to see the charities they support make their stance clear on current social issues, even if they are outside their area of focus.

In light of the 2019/2020 summer bushfires in Australia, more than half of Australians (54%) were highly motivated to give money to or volunteer for organisations associated with disaster response in Australia.

With the pandemic at the forefront of many minds, 45% are motivated to give to organisations associated with medical and cancer research. Children's charities and animal welfare and wildlife continue to be areas Australian givers are highly motivated to support.

Younger Australian givers are driving the rise in motivation to give to organisations responding to domestic and family violence and mental health. This may also be due to the pandemic and associated lockdowns, where mental health and domestic violence have both been highlighted in public discussion.

[36] https://theconversation.com/secondhand-clothing-sales-are-booming-and-may-help-solve-the-sustainability-crisis-in-the-fashion-industry-148403; https://www.thredup.com/resale/#size-and-impact

Other factors affecting our fundraising are:

- Our donor base is ageing, which is a challenge for direct marketing.
- Changes to technology and the shift to online fundraising have advantages and disadvantages. While online appeals may raise more funds, collection platforms can be complex and social media platform policies are challenging.
- Email and online engagement are increasingly more important and prevalent.
- There are increasing costs involved in creating data-driven campaigns and all charities have access to purchasing the same information. Telemarketing is also expensive and F2F cost is prohibiting.
- There is increasing scrutiny from the public about the use of money by charities. Donors expect full transparency and they want to know how money is used and to provide reasons to support our cause.
- Our brand relies on a sense of history and brand recognition; but we require to attract new audiences to our services and to refresh our brand so that it attracts a more contemporary audience as supporters of our work, customers and donors.

In addition to our retail network and existing commercial operations:
• What other commercial opportunities could we explore?

3. Future trends

The future impact of the global COVID-19 pandemic on population growth remains uncertain. Current changing economic conditions are likely to affect living arrangements, particularly of the young, and decisions about having children. As natural population growth slows, migration will become increasingly important for population growth and for slowing population ageing.

New South Wales' population is projected to reach 11.5 million by 2061, 40% more people than in 2021. It is projected that families will have fewer children and live longer lives. This will drive up the median population age from 38 to 44 by 2061.[37]

3.1. Housing

Projections show that Greater Sydney will need 1 million additional homes by 2041 to meet the needs of the growing population.[38] Building enough homes for people to live in, access to housing that is more affordable, and ensuring that the housing market is flexible enough to respond to people's changing needs and preferences will continue to be key challenges over the next 20 years.

[37] NSW Government (2021) 2021-22 NSW intergenerational report. towards 2061 – planning for the future
[38] NSW Department of Planning, Industry and Environment. (2019). NSW Population, Household and Dwelling Projections.

Currently, low interest rates have enabled buyers in the housing market to stretch themselves into mortgages close to their family income threshold. If these near zero interest rates were to increase by only a few percent over the next ten years, which is highly likely, many homeowners would be pushed over the edge and possibly into a place of unaffordability and even into homelessness.

- Is the Society ready to assist this group of 'middle-class' people or 'new vulnerable'?
- What would service models or assistance provided would look like?
- How ready is the Society to respond to emerging needs? Is the Society's role to respond to new needs as they emerge?

3.2. Regional NSW

Regional NSW experiences varying levels of population growth. The biggest driver of net positive migration into regional NSW is from Greater Sydney. Regional centres, such as Bathurst, Orange, Wagga Wagga, Dubbo and Coffs Harbour, have continued to grow. The metropolitan areas of Newcastle and Wollongong are projected to continue to see pronounced growth.[39]

However, we cannot foresee events over the next 20 years that may change future growth in regional NSW. For example, we do not yet know the long-term impact of the 2019-2020 bushfires or the COVID-19 pandemic. The short-term impacts are noticeable, with a tighter rental market and stronger growth in housing prices in parts of regional NSW. Advances in technology have enabled people to work remotely—it will only take a small proportion of Sydney's 5 million residents to move to regional areas to impact population growth and housing markets.

Remote areas of the state have seen population growth slow and net negative growth as young people move to regional centres for education and employment opportunities[40].

3.3. Future of religion in Australia

The social landscape of Australia continues to change, driven by demographic forces like increasing cultural diversity, a growing and ageing population, increasing urbanisation and declining religious affiliation. Census data reflects these changes showing that while Christianity is still the dominant religion in Australia, in recent years affiliation with the religion has declined. In 2006 almost two thirds of Australians (64%) identified with Christianity. A decade later that proportion decreased to 52% (2016). Over the same period, the number of Australians identifying with 'no-religion' has risen from 19% (2006) to 30% (2016).[41]

[39] NSW Government (2021) 2021-22 nsw intergenerational report. towards 2061 – planning for the future
[40] NSW Government. (2020). Regional NSW Today.
[41] ABS, 2016.

Acceptance of diversity

In a society calling for full acceptance of diversity and expressing increasingly progressive views (i.e. acceptance of LGBTQI+, pro-choice views on euthanasia or abortion, etc.), the Catholic Church and Catholic organisations may move slower and/or take a less progressive approach. A report by McCrindle Research commissioned to help Christian leaders to understand and respond to the changing social and religious landscape in Australia, found that a key challenge is knowing how to speak into social issues in a way that encourages the flourishing of society.[42]

- Where do we stand as an organisation in promoting an inclusive and non-judgmental compassionate pastoral approach?
- What should be the Society's concept of a ministry of inclusive and non-judgmental pastoral care?
- What would be the challenges of promoting and/or adopting inclusive approaches and the risk of not doing so (for example, the impact on services for which we have contractual requirements to be LGBTQI+ friendly)?

3.4. Volunteering trends

The rate of volunteering through an organisation has declined over time. For people aged 18 years and over, the rate has declined from 36.2% in 2010 to 28.8% in 2019. Both men and women are volunteering less. However, the decline is most evident for women, whose rate decreased from 38.1% in 2010 to 28.1% in 2019.

Spontaneous volunteering

The term 'new volunteerism'[43] has been used to portray how volunteering is becoming more episodic, more self-oriented in volunteer motivations and taking place with weaker organisational attachments. Potential 'spontaneous volunteers' are people who seek or are invited to contribute their assistance during and/or after a disaster, and who are not affiliated with recognised volunteer agencies, and may or may not have relevant training, skills or experience.

A surge in interest from the public has occurred in support of the emergency COVID-19 response. In partnership with their relevant governments, the state and territory peak bodies for volunteering have established registration and matching platforms to organise assistance from spontaneous volunteers. For example, Volunteering Queensland in partnership with the Queensland Government received over 28,000 registrations for the 'Care Army'.

[42] McCrindle Research (2020) The Future of the Church in Australia.

[43] Hustinx, L., Cnaan, R.A. and Handy, F., 2010. Navigating theories of volunteering: A hybrid map for a complex phenomenon. Journal for the theory of social behaviour, 40(4), pp.410-434.

3.5. Client cohort trends

Aboriginal and Torres Strait Islander People

Aboriginal people make up about 3% of NSW's population. Although most of the state's Aboriginal people live in Greater Sydney, they represent a higher proportion of the population in most regional and remote centres[44].

By 2031, the Aboriginal and Torres Strait Islander population is projected to increase to between 1,046,000 people and 1,093,000 people at an average annual growth rate of between 1.8% and 2.1% per year. In comparison, the average annual growth rate of the total Australian population is projected to be between 1.3% and 1.7% per year over the same period.[45]

By 2051, the national Aboriginal population is projected to be just short of 2 million, an absolute increase of 1.1 million people over the 2016 population estimate.[46] The projected 136% growth in the Aboriginal population of Australia compares to 55% for the non-Aboriginal population over the same period. This will increase the national Aboriginal share of the population significantly from 3.3% in 2016 to 4.9% in 2051.

Cumulative risk factors and socio-economic barriers result in Aboriginal and Torres Strait Islander people and people with disability experiencing double the rates of significant economic disadvantage compared to the general NSW population.

There is also a disparity between need and number of Aboriginal and Torres Strait Islander organisations and staff in the sector, with a need for greater development, and funding to ensure that Aboriginal and Torres Strait Islander people are receiving culturally safe services that are community led.[47]

Children and young people

By 2041, there may be 26% more children in NSW than in 2016 and 23% more young people aged 15–24. We expect to see this primarily in Greater Sydney, where the number of children will increase by 45%.[48]

Young adults, aged 18-34, face significant challenges in finding housing that suits their needs and aspirations. Meeting the diverse needs of this group will become critical as the population of young people in NSW grows.

Due to recent sustained growth in house prices and a decline in real income for young people (compared with those at other stages of life), young people are finding it increasingly difficult to afford housing they want and need as they move towards independence.[49]

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[44] AHO (2017). Aboriginal Population and Household Projections, 2016-2036; ABS (2016). Australian Census of Population and Housing. DPIE analysis.
[45] Population Projections, Australia, 2017 (base) to 2066
[46] Andrew Taylor, Tom Wilson, Jeromey Temple, Margaret Kelaher, Sandra Eades (2020). The future growth and spatial shift of Australia's Aboriginal and Torres Strait Islander population, 2016–2051
[47] Joanna Quilty, NCOSS (2021) Presentation to Catholic Social Services Forum NSW/ACT
[48] NSW Department of Planning, Industry and Environment. (2019). NSW Population Projections.
[49] Commonwealth of Australia. (2020). Why did young people's income decline? Research Paper, productivity commission.

For young people, mental health is currently the most frequently nominated issue of concern, with suicide the leading cause of death. There has been an increase in the proportion of young people with psychological distress in Australia.[50]

An ageing population

Older people make up a growing share of the community. We expect the number of people aged 65 and older to increase by 85% in the next 25 years.[51] As people age, the type of housing and services they need, and the lifestyle choices they make will change.

Women

Single, older women are already one of the most asset-poor groups in Australia and the fastest growing group of homeless people. Women often have greater caring responsibilities than men, which can increase stress and limit financial opportunities. Unemployment and underemployment also affect this cohort. Older women renting within the private sector can experience unaffordable, unstable and poor-quality housing.[52]

Ongoing housing insecurity can substantially impact quality of life and health for women. Most victims of domestic violence are female, which affects housing security. These issues already impact women and appear to be getting worse due to the COVID-19 pandemic.

People with disability

Despite statutory protections for people with disability, they can experience higher levels of disadvantage in relation to housing, employment and health, resulting in significant social inequities for people with disabilities.

It is anticipated that the number of NDIS participants will increase 43% in NSW by 2025. From 2025 to 2030, participants are projected to increase by an additional 27%.

3.6. Changes in workforce demographics

Millennials (individuals who were born between 1980 and 2000) now form more than 50% of the workforce – they are loyalty-lite to organisations and value learning and development at times more than financial rewards. By 2030 there will be twice as many Gen Zs (loosely, individuals born from 1995 to 2010) in the workforce than in 2020 - with Gen Z comprising 34% of the total working population they will be the largest generation of active workers in Australia.[53]

Gen Z are mobile and agile and on average are expected to have 18 jobs across six careers in their lifetime. Gen Z will hold multiple jobs at any given time, and will likely be both employees of an organisation and contributors to the gig economy.[54]

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[50] Brennan, N., Beames, J. R, Kos, A., Reily, N., Connell, C., Hall, S., Yip, D., Hudson, J., O'Dea, B., Di Nicola, K., and Christie, R. (2021) Psychological Distress in Young People in Australia Fifth Biennial Youth Mental Health Report: 2012-2020. Mission Australia: Sydney, NSW.
[51] NSW Department of Planning, Industry and Environment. (2019). NSW Population Projections.
[52] Power, E. R. (2020). Older Women in the Private Rental Sector: Unaffordable, Substandard and Insecure Housing. Penrith: Western Sydney University.
[53] McCrindle Research (2020) Australian towards 2031: The demographic, consumer and behavioural trends shaping the nation.
[54] Ibid.

Technology and lifestyle preferences are paving way for an outcomes-based workplace that rewards output, not time spent at work. To accommodate the '100 year life' both individuals and organisations will need to move beyond the traditional 3-stage life (education/work/retirement) to something more fluid and less predictable.[55]

4. Next steps

At the next strategy session, we will revisit the main points from this environmental scan and discuss:

1. What are the main influences, trends and/or changes that may affect the Society's:
   - service delivery
   - regional operations
   - retail operations
   - capacity to attract members or volunteers
   - capacity to deliver efficient enabling services
   - tradition and catholic teachings
   - brand and reputation
   - business models.
2. How will the Society need to respond to external factors in order to thrive and/or stay viable?
3. Do any of these factors affect the vision and scale of potential service areas for investment presented at the last meeting?
4. What else should to be part of that vision in order to effectively respond to the environment?

[55] PwC Australia. Demographic Shifts. https://www.pwc.com.au/people/megatrends/demographic-shifts.html