



Inquiry into Fiscal Sustainability of the ACT

Answer to question taken on notice

Asked by: Ms Caitlin Tough MLA

Addressed to: Ms Lisa Kelly, CEO, Mental Health Community Coalition of the ACT

In relation to: Alternative models of community service delivery

Hearing: 03 March 2026

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Answer Due: 17 March 2026

MS TOUGH: Except weather, exactly right. So there is there is the trade-off.

I am just wondering what the – how the community services are delivered in Scandinavian countries compared to here? Obviously, they are quite a high taxing jurisdiction as well, compared to other countries. I am wondering, is it a similar model with a community sector that is separate to government, or do they have these services entailed to government? I am just curious – because they do it quite well. Like, how they do that?

Ms Kelly: Yes. I will take that one on notice. Yes? I

MS TOUGH: Okay. Thank you.

Ms Kelly: I usually will not take anything on notice. I said to Jacob outside, “Do not take anything on notice”.

MS TOUGH: Sorry.

Ms Kelly: I will take that one on notice. Because I do think it is probably a useful piece of information or work for us to do anyway.

MS TOUGH: Yes. It just kind of piqued my interest because, you know, they do quite well. How are they doing it differently?

Ms Kelly: Yes. No, we will yes, we will take on notice to have a look at the infrastructure and the way it is funded and resourced and come back to you.

MS TOUGH: Awesome. Thank you. Sorry, to make you take something on notice.

Ms Kelly: No, that is all right. No, because I am curious about the question and the answer. So yes, we will take it on notice for my curiosity.

Mr Lisa Kelly: The answer to the Member’s question is as follows:

Community services in the Nordic countries provide a useful illustration of an alternative delivery model that differs markedly from the mixed government–nongovernment arrangements used in the ACT. The model used in Denmark, Sweden, Norway, Finland and Iceland is characterised by **universalism, high public investment and a strong municipal government role** (i.e., municipalities with broad social-service responsibilities and their own revenue powers). These structural differences help explain why Nordic nations consistently achieve higher levels of wellbeing, lower inequality and strong public trust [1][5][6][7].

A defining feature of the Nordic approach is that responsibility for most community-level social services sits with **municipal governments (municipalities)**, not with a large network of non-government service providers. Municipalities run childcare, aged care, disability services, social care and a wide range of preventative supports [1]. This decentralised structure is a deliberate design choice: the **Nordic local government model** emphasises strong local autonomy, significant local fiscal capacity and the ability of municipalities to deliver integrated services that respond to local needs [3]. The result is a system in which community services form part of a **single, unified public service system**, rather than being split between government providers and a separate NGO sector [6].

Funding arrangements reinforce this integration. High levels of social expenditure are financed through broadbased taxation (including personal income tax and VAT) and, in some countries, employer and employee social contributions [1]. Municipalities draw heavily on **municipal income taxes**, supplemented by national grants and equalisation mechanisms, while regions/central government fund specialised healthcare; in aggregate, this means funds flow **public to public** (central/region → municipality → service) and the **vast majority of community services are publicly delivered** rather than outsourced [1]. This stands in contrast to the Australian model, where nongovernment organisations deliver a large proportion of community services under government contracts and grants.

NGOs operate alongside the public system in the Nordics - while core social care functions remain public responsibilities delivered by municipal providers [1][6]. Municipalities act as the base delivery platform for community services, with NGOs contributing in specific program areas in partnership with municipalities - for example Sweden's NSPH, Denmark's Peer-Partnerskabet, Norway's KBT, and Finland's MIELI.

The structural coherence supports a broader **social investment** philosophy. Nordic welfare states invest across the life course - universal early childhood education, active labour market programs, accessible disability and aged care services, and robust social protections. Scholarship and regional analyses describe the Nordic welfare state as an **economic asset** that underwrites high employment, resilience and long-term productivity - demonstrating that robust welfare can coexist with competitive economies [5]. The combination of universal access, consistent service quality and high levels of trust in public institutions is a recognised driver of the wellbeing outcomes for which these countries are known [6][4].

Viewed as an **alternative model of community service delivery**, the Nordic example shows that governments can play a **direct municipal delivery role** in local social services without compromising quality or economic performance. Indeed, the evidence suggests the opposite: **wellbeing and productivity are strengthened** when community services are funded and delivered as part of a cohesive public system anchored in **municipal government** [5][4].

This model differs significantly from the ACT's arrangements. In the ACT, government policy relies heavily on commissioning community organisations and NGOs to deliver a wide range of social services. While this can provide flexibility and innovation, it can also create fragmentation, uneven accountability and funding instability. By contrast, the Nordic model consolidates responsibility at the **municipal level**, routes funding predominantly through **public budgets to municipal providers**, integrates community services staff into **public systems** (with shared data, planning and accountability), and maintains **universal access frameworks** that reduce bureaucratic complexity and support equitable provision [1][3][6].

These differences do not imply that the ACT should copy a Nordic model; contexts differ. However, the Scandinavian experience demonstrates how **clear municipal stewardship, stable public funding and integrated local delivery** can support higher levels of wellbeing and more coherent service systems. As the Committee considers **alternative delivery models**, the Nordic example highlights the role that structural alignment, universal access and public stewardship can play in shaping equitable and sustainable community service systems [1][6][5].

References

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<https://pursuit.unimelb.edu.au/articles/why-nordic-countries-top-the-happiness-league>

Approved for circulation to the Select Committee on the Fiscal Sustainability of the ACT

Signature: 

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