



Jobs of the future

Victoria's vibrant community
services industry

2018



VCOSS
Victorian Council
of Social Service

About VCOSS

The Victorian Council of Social Service (VCOSS) is the peak body of social and community services in Victoria. VCOSS works to ensure that all Victorians have access to and a fair share of the community's resources and services, through advocating for the development of a sustainable, fair and equitable society. VCOSS members reflect a wide diversity, with members ranging from large organisations, peak organisations, small community services, advocacy groups and individuals involved in social policy debates.

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VCOSS acknowledges the traditional owners of country and pays its respects to Elders past and present.

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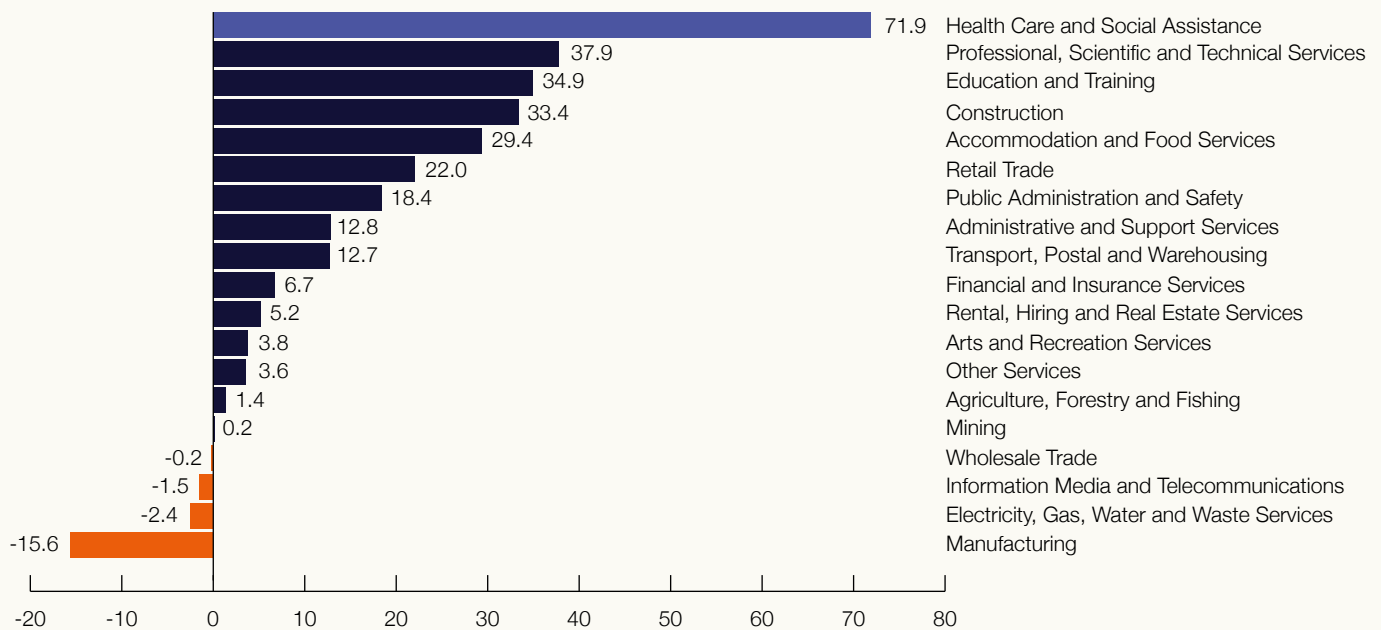
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Executive summary

Victoria has a vibrant community services industry with a proud history of supporting people facing poverty and disadvantage. It is also a major contributor to the Victorian economy and projected to be one of its fastest growing industries.

Over the five years from 2017, the health and social assistance industry, in which community services is embedded, will be the fastest growing industry in the state, adding around 72,000 new jobs to the Victorian economy (Figure 1).

Figure 1
Jobs growth by industry, Victoria 2017-2022 (000s)



Source: Australian Department of Jobs and Small Business, *Employment projections for the five years to May 2022*, Labour Market Information Portal, <http://lmip.gov.au/>

This report is the fourth in a series produced by VCOSS that analyses data from Annual Information Statements (AIS) from Victorian community service organisations registered with the Australian Charities and Not-for-profits Commission (ACNC). The first three reports were *Strengthening the State (2015) More Than Charity (2016)*, and *A Growing Industry (2017)*. As with the previous three reports, this report outlines the contribution of the Victorian community services industry to the state and the Victorian economy. This report uses 2016 AIS data.

Our analysis of the data shows a strong and growing industry. Key figures and findings of this report for 2016 are:

4,689

The number of community service organisations based and operating in Victoria. This is an increase of 204 organisations since 2015.

161,000

People employed in the industry. This is around 5% of the Victorian workforce, and up from 150,650 in 2015.

68%

The proportion of employees who are part-time or casual (44% part-time, 24% casual). This is the same as in 2015.

\$15 billion

The industry's approximate total annual income. Just over \$7.4b of this was from government grants.

- Extra-large organisations with income over \$10m per annum received around \$6b in government funding.
- Organisations with under \$10m in revenue received \$1.3b in government funding.
- Over the past three years there has been an increase in total gross income earned by community service organisations. Most service types showed an increase in income, while law and legal services remained steady. Only emergency relief showed a small decline in total gross income from 2015 to 2016.

86%

The percentage of community service organisations operating either on a balanced budget or a budget surplus. Only 14% of organisations operated a budget deficit in 2016.

- Almost a third of extra small charities (with income of less than \$50,000 per annum) operated deficit budgets, while large organisations (with income over \$1 million) were more likely to operate balanced or surplus budgets.

Over the four years VCOSS has been reporting on the community services industry we have seen a welcome and much needed increase in recognition for the Victorian community services industry. This has included Victorian government measures to support the growth of the sector, including funding the VCOSS – RMIT Future Social Service Institute, the development of a 10-year Community Services Industry Plan, *Keeping our sector strong: Victoria's workforce plan for the NDIS*, and *Building from Strength: 10-Year Industry Plan for Family Violence Prevention and Response*.

The community services industry workforce needs to grow across the state to meet current and future demand, and give all Victorians access to services. Factors to consider in this include increasing the recognition, reward, job security and training opportunities for community services workers, as well as raising broader awareness of the career opportunities for workers in this growing industry.

Immediate key actions in the Community Services Industry Plan to take account of these workforce shortages and grow employment supply include developing an industry-wide dataset on the workforce; developing education and training initiatives that attract more people to the workforce; building career pathways; co-designing training and qualifications; and developing regional and Aboriginal workforce strategies.

These crucial actions for filling Victoria's community services industry jobs of the future require funding and bipartisan support. The ACNC data presented in *Jobs of the Future: Victoria's vibrant community services industry*, are critical for monitoring the growth of the community services sector over time, and its important contribution to the state.

'Jobs of the Future' shows the Victorian community services industry is large and diverse. It is a significant component of Victoria's economy. It is a key employer and is likely to continue to grow in terms of number of employees, income received and money spent. For all these reasons it is crucial the community services industry is recognised and supported as a vibrant, growing, essential industry in Victoria's economy and society.

Background

A driving purpose of Victoria’s community services industry is to support people to overcome poverty and disadvantage and to increase their wellbeing and social inclusion. In doing this, it also contributes significantly to the Victorian economy and should be recognised as a vibrant and growing industry.

The community services industry is comprised of many thousands of organisations, employing tens of thousands of workers and relying on hundreds of thousands of volunteers. It is a multi-billion dollar industry receiving substantial income from governments, donations and service fees.

The Australian Charities and Not-for-profits Commission (ACNC) is the regulator of charities in Australia. Each year the ACNC requires registered charities to complete an Annual Information Statement (AIS), collecting this data on each charity. The collated AIS data creates a snapshot of Australian charities and is reported in the *Australian Charities Report*.

Jobs of the Future is the fourth in a series of reports produced by VCOSS analysing AIS data for Victorian community service organisations registered with the ACNC. The first three reports were *Strengthening the State (2015)*, *More Than Charity (2016)*, and *A Growing Industry (2017)*. As with the previous three reports, this one outlines the size and diversity of the Victorian community services industry and its contribution to the economy.

This report defines the “Victorian community services industry” as those charities based and operating in Victoria that nominated one of the following as their main activity in their 2016 AIS:

- aged care activities
- civic and advocacy activities
- economic, social and community development
- emergency relief
- employment and training
- housing activities
- income support and maintenance
- international activities
- law and legal activities
- mental health and crisis intervention
- other education
- other health service delivery
- social services.

This definition reflects the make-up of the Victorian community sector VCOSS represents, however it does not align with the Australian Bureau of Statistics (ABS) definition of industries. The ABS would consider most community service organisations part of the health care and social assistance industry, some of those undertaking “other education” are part of the ABS’ education industry, and those undertaking “law and legal services” are part of the ABS’ professional services industry.

As occurred in *A Growing Industry*, multiple charities reporting as a group were considered to be one charity for the purposes of this report. There were 31 groups representing 91 charities.

The 2016 AIS did not ask charities to report the time they spent reporting to government agencies as occurred in the 2015 AIS.

Victoria's community services industry

This report analyses Annual Information Statement (AIS) 2016 data collected by the ACNC from registered charities categorised as community service organisations that are both based and operating in Victoria. Table 1 compares the number of these organisations in 2016 to the number reported in the AIS data collection for the previous two years.

Table 1

Types of organisations categorised as community services for this report

Main activity as specified in the AIS	No. of orgs. 2014	No. of orgs. 2015	No. of orgs. 2016	Change from 2015	Types of organisations represented in the ACNC data
Aged care activities	266	300	265	▼35	Residential aged care, meals on wheels, community care, hostels
Civic and advocacy activities	83	106	169	▲63	Peak and advocacy organisations for disability, women's health, child abuse and neglect, culturally and linguistically diverse groups
Economic, social and community development	499	626	651	▲25	Neighbourhood houses, Aboriginal community-controlled organisations, youth services, men's sheds
Emergency relief	216	277	287	▲10	Emergency relief services, State Emergency Services, neighbourhood houses
Employment and training	136	145	169	▲24	Adult education, youth services, Local Learning and Employment Networks, neighbourhood houses, employment services
Housing activities	159	212	177	▼35	Community housing, housing co-operatives, housing support groups
Income support and maintenance	31	56	49	▼7	Trusts/foundations/information and support centres
International activities	90	113	126	▲13	Aid organisations
Law and legal activities	44	48	38	▼10	Community legal centres, legal aid
Mental health and crisis intervention	98	123	140	▲17	Mental health, crisis support, drug and alcohol services
Other education	969	1,132	1,048	▼84	Kindergartens, early childhood services, U3A
Other health service delivery	336	441	530	▲89	Community health, Aboriginal health co-operatives, women's health services
Social services	316	906	1040	▲134	Family services, foster care, community support, sexual assault services, disability services, services for culturally and linguistically diverse communities, family violence services, LGBTI services
Other	313	-	-		Organisation conducted one or more main activities above
Subtotal	3,556	4,485	4,689	▲204	Community services industry organisations

The number of organisations classified as Victorian community services industry organisations increased by 204 between 2015 and 2016. Reasons for this include:

- 599 Victorian charities registered with the ACNC for the first time between 1 July 2015 and 30 June 2016, some of which are community services industry organisations. These would not have completed an AIS in 2015 but would have done so in 2016.
- Organisations have changed their main activity between the years of data collection to be counted as within the community services industry. This may explain part of the large increase in the number of social services organisations.
- More organisations completed the AIS in 2016 (47,795) than in 2015 (44,670), Australia-wide.

When comparing the AIS data reported between 2015 and 2016, it is evident that some organisations reported a differing 'main activity' across the two years. Therefore any change in main activity data should be interpreted with caution.

Size of community services industry organisations

Figure 1 shows the number of community service organisations by self-reported size.

The majority of Victoria's community service organisations (57%, 2,681 organisations) were small organisations (with annual revenue less than \$250,000). Eighteen per cent (865) were medium-size (annual revenue \$250,000 to \$1 million), and 24 per cent (1,143) were large (revenue greater than \$1 million).

Figure 2 breaks down the size of community service organisations into six categories based on reported gross total income. The 2,681 small organisations in Figure 1 above have been further categorised into 'extra-small' (annual revenue less than \$50,000) and 'small' (annual revenue between \$50,000 and \$250,000). In 2016, there were 1,579 extra-small community service organisations and 1,096 small organisations.

Large organisations from Figure 1 were further categorised into 'large' (annual revenue between \$1 million and \$10 million), 'extra-large' (annual revenue between \$10 million and \$100 million), and 'extra-extra-large' (annual revenue greater than \$100 million). In 2016, there were 874 large organisations, 247 extra-large organisations and 20 extra-extra-large organisations.

Medium-sized organisations were not further categorised.

Figure 3 shows that more community service organisations completed the AIS between 2013 and 2016 in all size categories. The large increase from 2013 to 2015 is likely to be due to greater compliance with ACNC reporting requirements. As the regulatory and reporting system matures, any growth in the number of organisations reporting is more likely to be due to new organisations forming.

Figure 1
Community services organisations by size, Victoria 2016 (n=4,689)

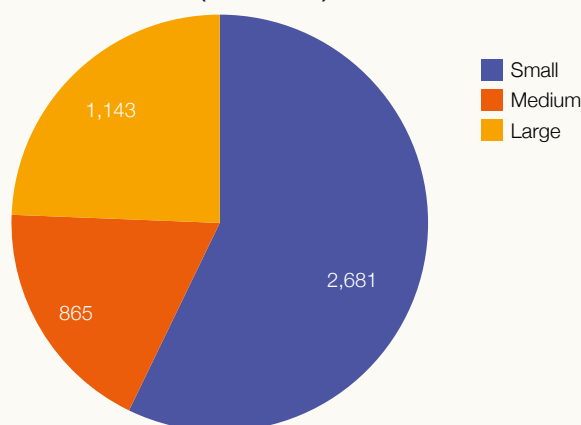


Figure 2
Community services organisations by size, Victoria 2016 (n=4,689)

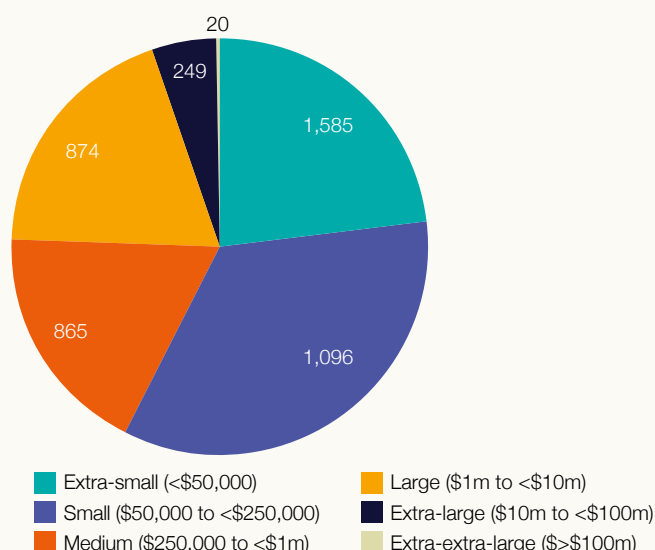
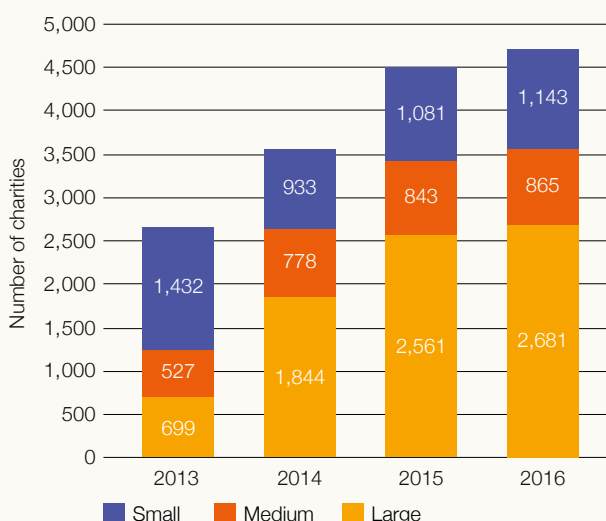


Figure 3
Community service organisations by size 2013-2016



Contribution to the economy

Employment

Total employment

The charitable services sector is a large and growing employer. The *Australian Charities 2016* report revealed the entire registered charities sector employs more than 10 per cent of Australia's workforce.¹ The data in this report show the significant contribution of community services industry organisations to Victoria's employment.

Analysis of the ACNC 2016 AIS data for this report show that in 2016, the Victorian community services industry employed 161,500 people. This represents around five per cent of employed persons in Victoria.²

In 2016, the ACNC asked charities to report the number of employees as full-time, part-time or casual. In 2016, 51,627 Victorian community service organisation employees were full-time (32%), 70,903 (44%) were part-time and 38,976 (24%) were casual (see Figure 4).

The AIS data from 2013 to 2016 show increased total employment in the Victorian community services industry (Figure 5). However, caution should be taken in attributing these increases solely to growth in industry employment. There was a change in AIS questions relating to this data between 2013 and 2014, with the 'casual' category being added. The increases between 2013 and 2016 could be due partly to the increases in the number of organisations reporting each year, as well as increased employment across the industry.

Figure 4
Victorian community services industry –
Number of paid workers (Total = 161,506)

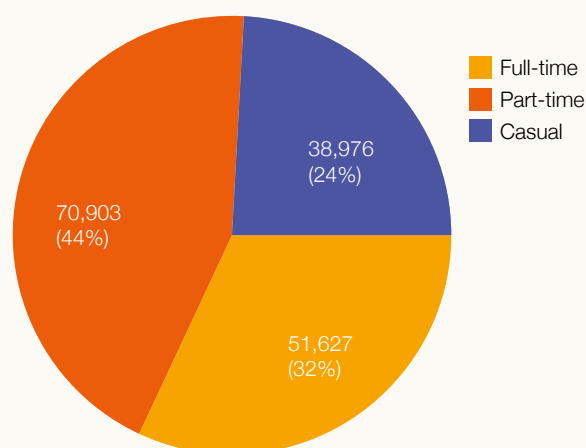
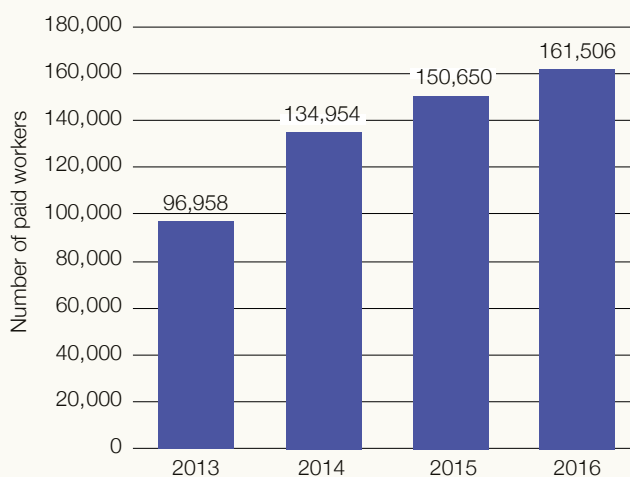


Figure 5
Victorian community services industry -
number of paid workers 2013-2016



1 Australian Charities and Not-for-profits Commission, *Australian Charities Report 2016*, p.44.

2 Australian Bureau of Statistics, *Labour Force, Australia*, Detailed Quarterly, Cat. No. 6291.0.55.003.

Employment by organisation size

Table 2 shows the number of workers in the industry by organisation size and employment status.

Table 2

Paid workers by size of organisation

Organisation size	Number of organisations	Number of full-time workers	Number of part-time workers	Number of casual workers	Total number of paid workers
Small	2,681	465	1,723	1,544	3,732
Medium	865	1,138	3,588	2,648	7,374
Large	1,143	50,024	65,592	34,784	150,400
Total	4,689	51,627	68,090	38,976	161,506

Large organisations employed around 93 per cent of community services industry workers in Victoria in 2016. This comprised:

- 50,024 full-time workers (33%)
- 65,592 part-time workers (44%)
- 34,784 casual workers (23%).

Medium-size organisations employed less than five per cent of the total community service industry workforce, across 865 organisations. The medium-size organisation workforce comprised:

- 1,138 full-time workers (15%)
- 3,588 part-time workers (49%)
- 2,648 casual workers (36%).

Small organisations employed around two per cent of the total community service industry workforce. The small organisation workforce comprised:

- 465 full-time workers (13%)
- 1,723 part-time workers (46%)
- 1,544 casual workers (41%).

Table 3

Paid workers by size of organisation

Organisation size	Number of full-time workers	Number of part-time workers	Number of casual workers	Total number of paid workers
Extra-small	174	368	407	949
Small	292	1,339	1,172	2,803
Medium	1,138	3,588	2,648	7,374
Large	10,886	17,389	10,611	38,886
Extra-large	24,483	29,255	16,003	69,741
Extra-extra-large	14,654	16,151	8,135	38,940
Total	51,627	68,090	38,976	161,506

Using the further size categories based on total gross income highlights how very small organisations employ few staff and the extra-large organisations are the biggest employers.

Employment by organisation main activity

The main activity group 'social services' was the largest employer in 2016, with 42,067 employees (26% of community services industry workers). This group was also the largest employer of full-time workers (15,098 or 36% of social service workers).

The second largest group by employment was 'other health service delivery', with 33,842 employees (21%). This was also a significant employer of full-time workers, (10,907, or 32% of other health service delivery workers).

Table 3 shows the breakdown of workers employed across the industry in terms of the organisations' main activity nominated in their AIS.

Volunteers

The vast majority of Victorian community services industry organisations (4091, 87%) are supported by unpaid volunteer workers. Combined, these organisations reported an unpaid volunteer force of around 448,000 people. This is slightly down on the number of volunteers reported in 2015 (486,000).

Table 3**Paid workers by organisation type**

Main activity	Full-time	Part-time	Casual	Total employees
Aged care activities	3,875	19,267	7,757	30,899
Civic and advocacy activities	936	454	258	1,203
Economic, social and community development	2,774	2,873	3,033	8,680
Emergency relief	561	606	543	1,710
Employment and training	6,921	3,800	2,522	13,243
Housing activities	1,122	886	567	2,575
Income support and maintenance	22	12	6	40
International activities	973	327	307	1,607
Law and legal services	937	327	63	1,314
Mental health and crisis intervention	1,738	1,520	519	3,777
Other education	6,208	7,309	7,032	20,549
Other health service delivery	6,208	16,067	6,868	33,842
Social services	15,098	17,468	9,501	42,067
Total	51,627	70,903	38,976	161,506

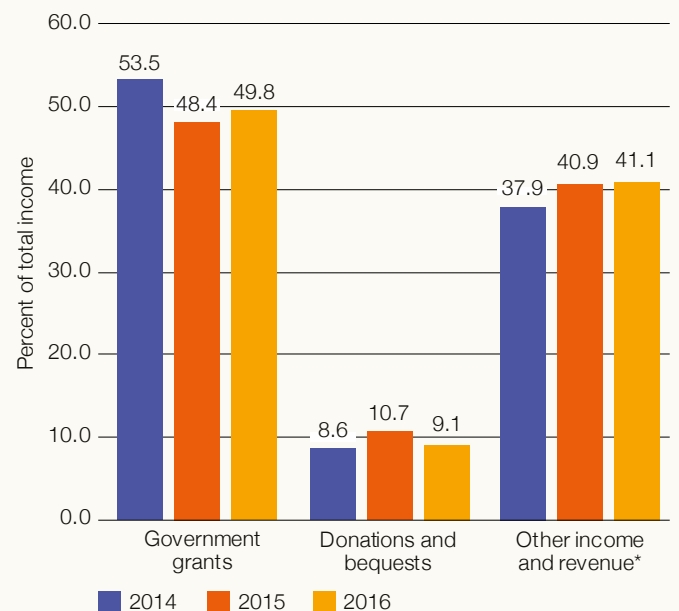
Income**Sources of income**

The Victorian community services industry collectively received an income of nearly \$15 billion in 2015-16, with around half this generated from government grants. Table 4 shows government grants made up just over \$7.4 billion (almost 50% of total income) and are the single biggest source of income for Victorian community service organisations. Donations and bequests raised almost \$1.4 billion (9%) for community service organisations in 2015-16, while other income and revenue combined (such as fees, service charges and sale of assets) raised almost \$6.1 billion (41%).

Table 4**Income source of community service organisations**

Income source	Total income \$m	Per cent of total gross income
Government grants	7,445	49.8
Donations and bequests	1,364	9.1
Other income (e.g. fees and service charges)	373	2.5
Other revenue (e.g. sale of assets)	5,771	38.6
Total gross income	14,953	100

Figure 6 shows the change in income source as reported in the 2014, 2015 and 2016 AIS. Government grants and other income and revenue have increased slightly as a proportion of total from 2015 to 2016, while donations and bequests have decreased.

Figure 6**Income source (per cent) 2014, 2015 and 2016**

**Other income and revenue* combines 'Other income' and 'Other revenue' in Table 4.

Income source by organisation size

Large community service organisations received almost \$7.3 billion from government grants in 2015-16. They raised over \$5.8 billion in other income and revenue and around \$1.2 billion in donations and bequests. Total income increased from \$10.9 billion in 2014-15³ to \$14.3 billion in 2015-16.

Medium-sized community service organisations raised \$237 million in other income and revenue, an increase from the previous year. They also raised around \$70 million in donations and bequests, a slight decrease from the previous year.⁴ Reported income from government grants was \$145 million, which was a slight decrease from 2014-15.

Small community service organisations received just under \$92 million in other income and revenue, little change from 2014-15. They also raised \$50 million from donations and bequests, a substantial increase from \$42 million in the previous year. Small community service organisations also received around \$34 million from government grants, the same as the previous year. Table 5 shows the breakdown of 2015-16 income sources by organisation size.

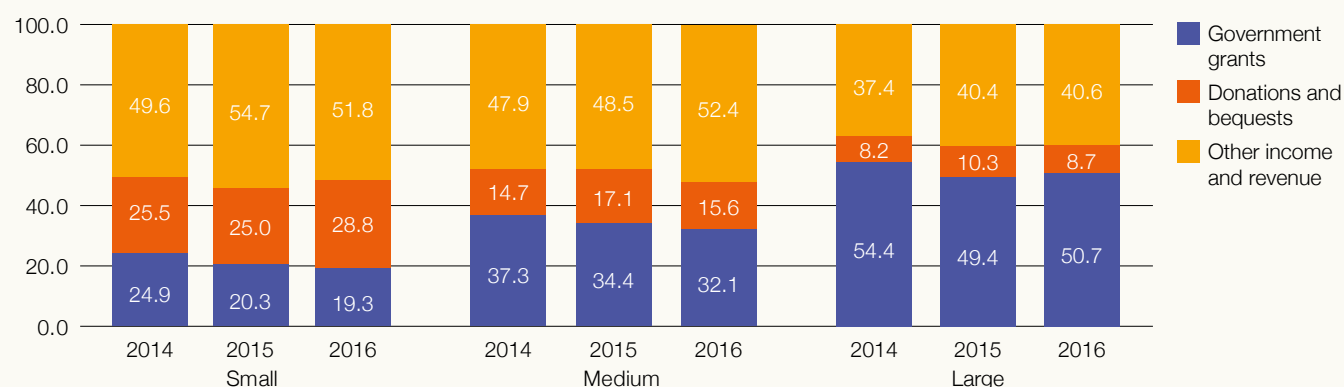
Table 5
Income source by community service organisation size (\$)

Income source	Small	Medium	Large
Government grants (\$m)	34.2	144.9	7,266.1
Donations and bequests (\$m)	50.1	70.3	1,242.5
Other income and revenue (\$m)	91.7	236.7	5,815.8
Total gross income (\$m)	176.9	451.9	14,324.5

Table 6
Income source by community service organisation size (\$)

Income source	Extra small <\$50,000	Small \$50,000 to <\$250,000	Medium \$250,000 to <\$1m	Large \$1m to <\$10m	Extra large \$10m to <\$100m	Extra extra large >\$100m
Government grants (\$m)	2.0	31.9	144.9	1,218.4	3,423.1	2,624.5
Donations and bequests (\$m)	9.5	41.5	70.3	262.7	387.2	592.4
Other income and revenue (\$m)	12.0	79.9	236.7	1,497.4	2,895.9	1,422.4
Total gross income (\$m)	23.5	153.3	451.9	2,978.4	6,706.2	4639.3

Figure 7
Income source by community service organisation size (per cent) 2014, 2015 and 2016



When income source is broken up further, into extra-small, small, medium, large, extra-large and extra-extra-large, it can be seen organisations with income of over \$10 million per annum received around \$6 billion in government funding, while organisations with under \$10 million in revenue received \$1.3 billion in government funding (Table 6).

Large community service organisations were more reliant on government grants than small and medium community service organisations, with 51 per cent of their income coming from government grants, compared with 32 per cent for medium-sized organisations and 19 per cent for small organisations (Figure 7).

Income source by organisation main activity

Community service organisations listing their main activity as social services together received more income than other groups, with a reported income of over \$3.5 billion in 2015-16 (see Table 7). This is approximately 24 per cent of Victorian community service organisations' total income. Other health service delivery was the second largest by income, with around \$3.2 billion in 2015-16.

Social services also received the most in government grants (\$2.4 billion) in 2015-16, with other health service delivery second (\$1.7 billion). International activities raised the most from donations and bequests (\$522 million).

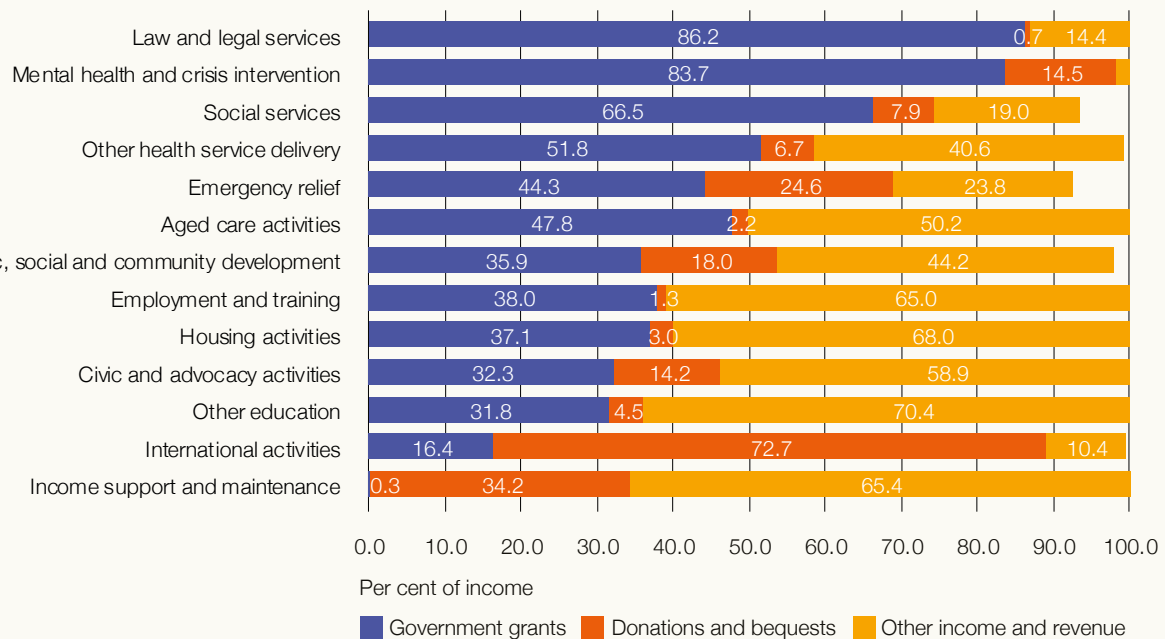
Community service organisations providing law and legal services were proportionally the most dependent on government grants, with approximately 86 per cent of their income coming from government grants (see Figure 8). Community service organisations engaged in income support and maintenance were the least dependent on government grants, with only 0.3 per cent of their income from government grants.

The size of the community services industry has been growing over time. This is reflected in the increase in total gross income earned by community service organisations. Figure 9 shows the growth in income by main activity. Most areas of main activity showed an increase in income. Others, such as law and legal services remained steady. Only emergency relief showed a small decline in total gross income from 2015 to 2016.

Table 7
Income source by main activity

Main activity	Government grants \$m	Donations and bequests \$m	All other income and revenue \$m	Total gross income \$m
Aged care activities	1,088.5	42.0	1,149.1	2,279.6
Civic and advocacy activities	55.6	21.0	95.6	172.2
Economic social and community development	282.0	133.0	370.5	785.5
Emergency relief	99.0	61.8	62.8	223.4
Employment and training	350.2	6.1	565.0	921.3
Housing activities	182.9	21.5	288.8	492.2
Income support and maintenance	0.1	5.5	10.5	16.1
International activities	122.1	522.4	98.5	743.0
Law and legal services	200.4	1.1	30.9	232.3
Mental health and crisis intervention	475.7	23.3	69.2	568.2
Other education	331.9	59.6	933.0	1,323.2
Other health service delivery	1,674.6	188.6	1,367.4	3,230.5
Social services	2,363.0	269.7	921.9	3,554.6

Figure 8
Income source by organisation main activity (per cent)

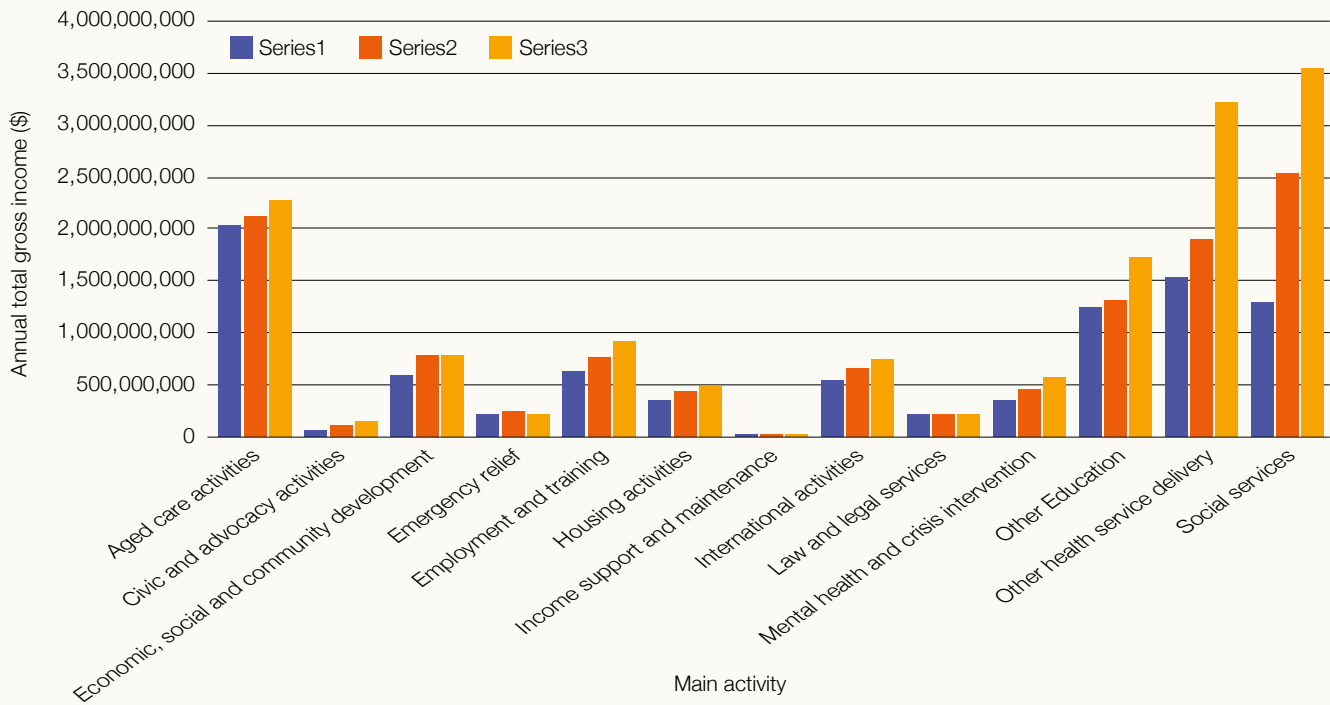


3. VCOSS A Growing Industry: A snapshot of Victoria's community sector charities, 2018, p.13.

4. Ibid.

Figure 9

Total gross income by organisation main activity 2014, 2015, 2016



Expenses incurred

The largest expense area for Victorian community service organisations was employee-related expenses at \$7.7 billion, being almost 55 per cent of total expenses (Table 8). This is almost the same proportion as in 2014-15. Operating expenses (reported as all other expenses) were the second largest expense category for community service organisations at \$4.3 billion, or 36 per cent of total expenses. This proportion is slightly up on 2014-15.

Expenses by organisation size

Large community service organisations together spent almost \$7.5 billion on employee-related expenses, nearly \$1.2 billion on grants and donations, and just over \$5.0 billion on all other expenses (see Table 9).

Medium-sized community service organisations together spent almost \$209 million on employee-related expenses, around \$36 million on grants and donations and nearly \$165 million on all other expenses.

Small organisations spent \$51 million on employee-related expenses, \$34 million on grants and donations and \$92 million on all other expenses.

Table 8

Expenses of community service organisations

Expenses	Amount \$m	Per cent of total expenses
Employee expenses	7,720	54.2
All other expenses	5,206	36.5
Grants and donations made for use outside Australia	648	4.5
Grants and donations made for use in Australia	611	4.3
Interest expenses	69	0.5
Total expenses	14,254	100.0

Table 9

Expenses by organisation size (\$)

Expenses	Small	Medium	Large
Employee expenses \$m	51.2	208.9	7,460.1
Grants and donations# \$m	33.5	36.3	1,188.9
All other expenses## \$m	91.7	164.6	5,018.5
Total expenses \$m	176.4	409.8	13,667.5

Merges 'grants and donations made for use outside Australia' and 'grants and donations for made for use in Australia' included in Table 7.

Merges 'All other expenses' and 'Interest expenses' in Table 7.

Expenses by organisation main activity

Table 10 shows the 'social services' main activity group reported the highest level of expenses overall (nearly \$3.4 billion), on employee expenses (nearly \$2.1 billion) and on operating expenses (nearly \$1.3 billion). 'Other health service delivery' was the second largest in terms of total expenditure (\$3.1 billion), employee expenses (\$1.8 billion) and operating expenses (\$1.2 billion).

'Aged care' main activity groups together spent more proportionally on employee expenses (65% of total aged care expenses) than any other group (Figure 9). International activities spent the most proportionally on grants and donations (73%) followed by emergency relief (50%). Housing organisations spent the most proportionally on operating expenses (66%), followed by law and legal services (55%).

Budget position of organisations

The financial health of community service organisations affects their ability to deliver vital services to people facing disadvantage. The budget position of these organisations provides a snapshot of their financial health. It is not the only measure but is one that is easily available from the AIS data provided to the ACNC. The 2016 AIS data shows (Figure 10) the majority of Victorian community service organisations (63%) operated a balanced budget for the 2015-16 financial year (reported expenditure being within 20% of reported income). A further 23 per cent were in budget surplus in 2015-16 (surplus greater than 20% of income). This is a small increase on the proportion of organisations in surplus from the previous year. Only 13 per cent were in deficit for that year. These figures changed little from the previous year.

Table 10
Expenses by organisation main activity

Main activity	Employee expenses \$m	Grants and donations \$m	All other expenses \$m	Total expenses \$m
Aged care activities	1,390.1	5.9	756.2	2,152.2
Civic and advocacy activities	66.6	14.0	65.6	146.2
Economic social and community development	345.9	93.7	284.9	724.5
Emergency relief	40.7	107.6	65.7	214.0
Employment and training	585.4	9.9	335.8	931.1
Housing activities	135.6	2.2	263.2	401.1
Income support and maintenance	2.1	4.1	5.8	12.0
International activities	109.0	543.8	92.8	745.6
Law and legal services	102.5	0.4	125.8	228.7
Mental health and crisis intervention	237.3	135.6	184.3	557.2
Other education	834.9	205.7	583.0	1,623.6
Other health service delivery	1,816.6	88.6	1,219.6	3,124.8
Social services	2,053.4	47.3	1,292.0	3,392.7

Budget position by organisation size

Small community service organisations were more likely to operate budget surpluses and deficits than medium-sized and large organisations (Figure 11). Around 32 per cent of small organisations operated budget surpluses, compared to 10 per cent of large organisations and 17 per cent of medium-sized organisations.

Around 21 per cent of small organisations operated budget deficits compared to less than two per cent of large organisations and six per cent of medium-sized organisations.

Over 88 per cent of large organisations operated in budget balance, compared to 77 per cent of medium-sized organisations and 47 per cent of small organisations.

Figure 12 shows that the larger the organisation, the more likely it is to operate on a balanced budget. Nearly all (95%) extra-extra-large organisations ran a balanced budget in 2016, compared with only 34 per cent of extrasmall organisations.

Budget position of community service organisations by main activity

Organisations whose main activity was income support and maintenance were more likely to operate budget surpluses (Figure 13). Organisations whose main activity was social services were most likely to operate budget deficits, with 21 per cent of social service organisations having budget deficits in 2015-16. Organisations whose main activity was law and legal services were most likely to have balanced budgets (87%).

Figure 9
Expenses by organisation main activity (per cent)

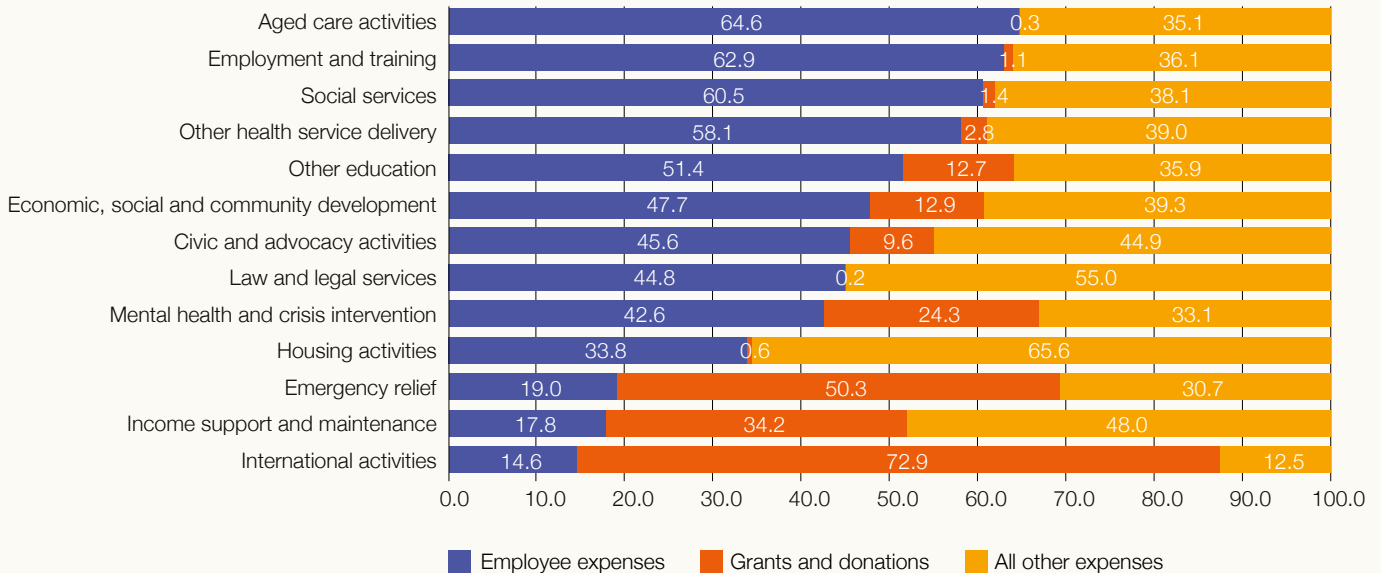


Figure 10
Budget position of community service organisations (per cent)

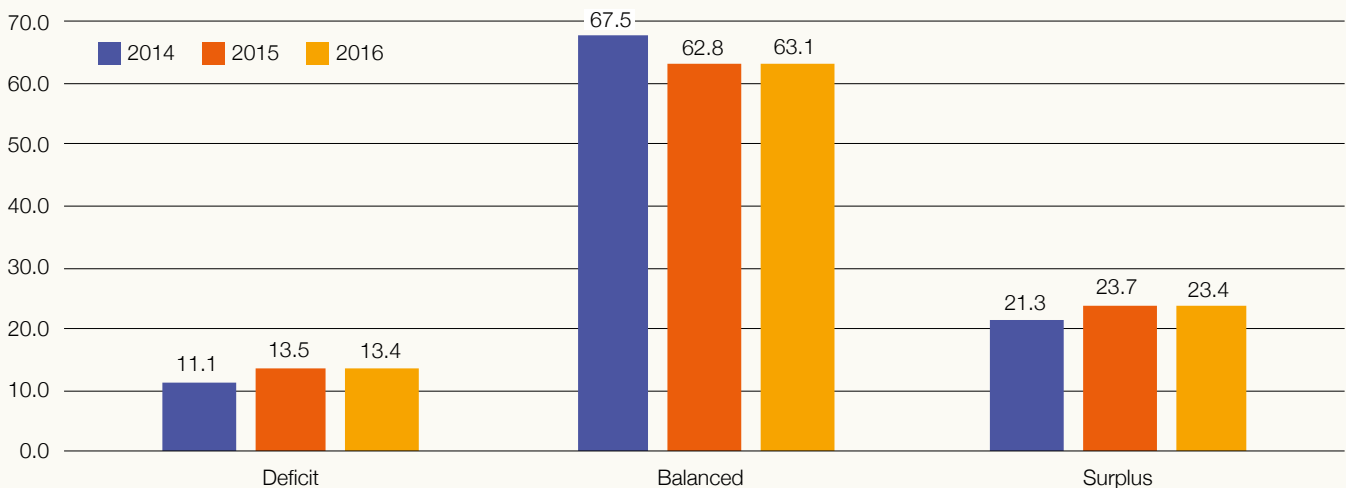


Figure 11

Budget position of community service organisations by size

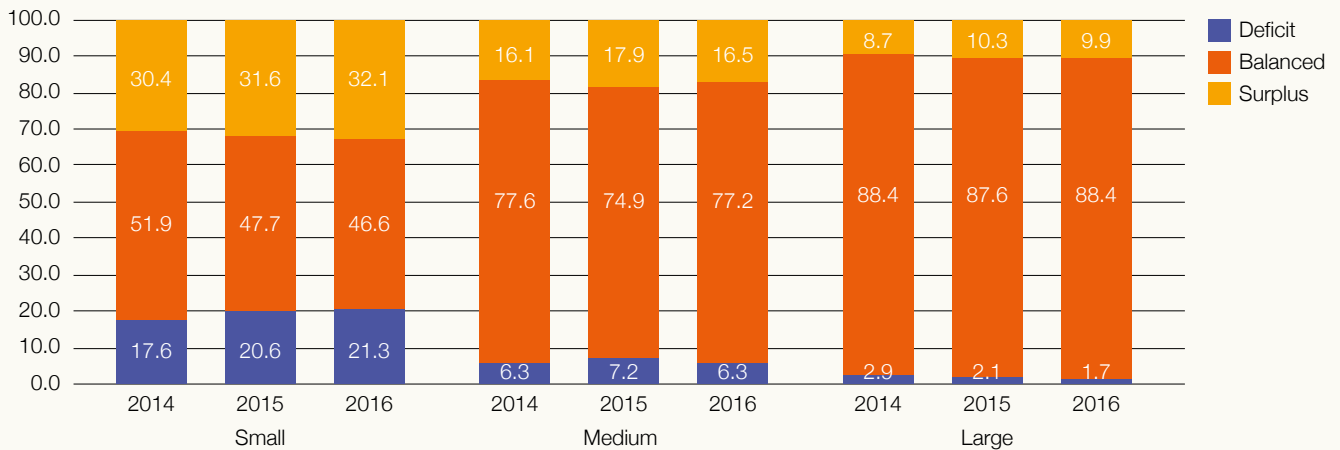


Figure 12

Budget position of community service organisations by size

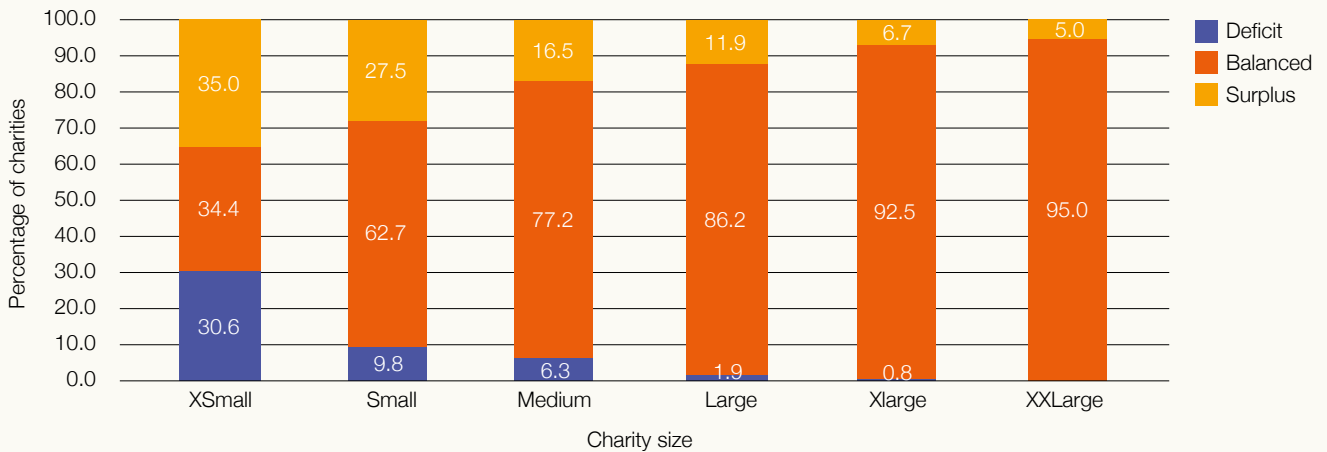
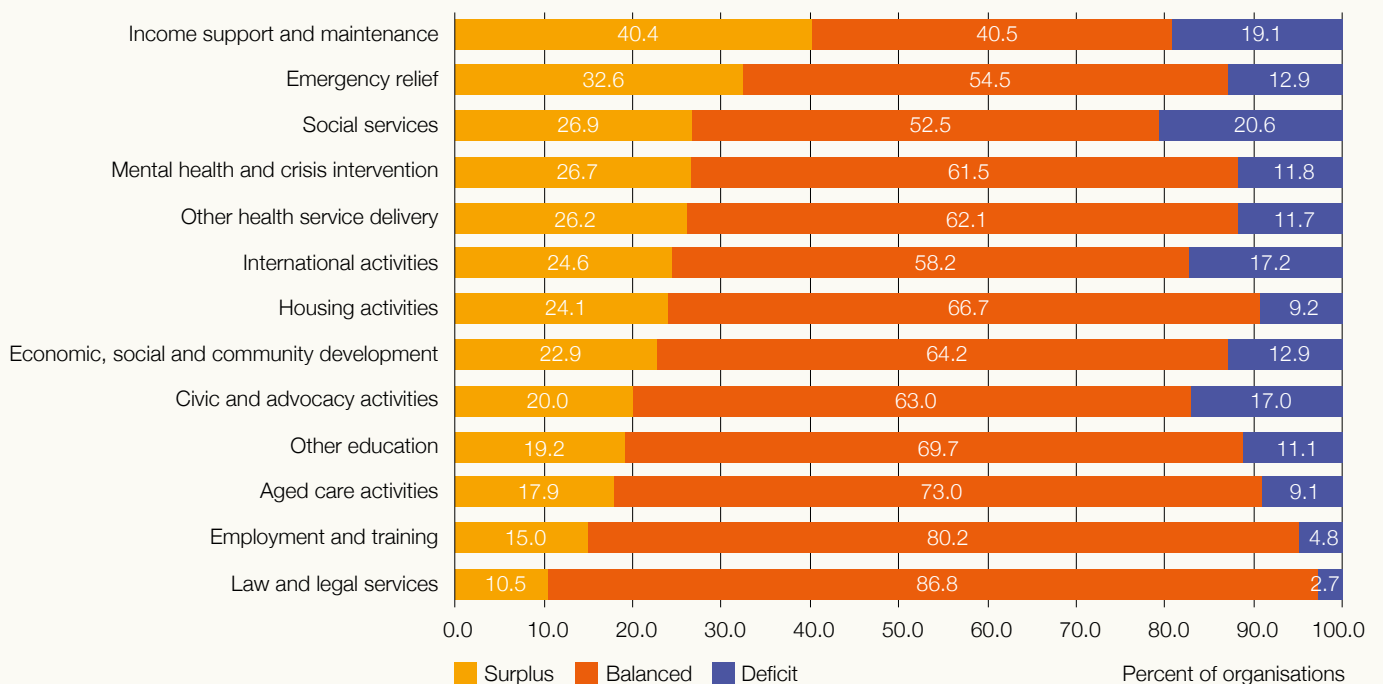


Figure 13

Budget position of community service organisations by main activity



Summary and discussion

This analysis of the 2016 Annual Information Statement data for Victorian community service organisations shows a large and diverse industry. The industry is a significant component of Victoria's economy. It is a large employer and is likely to continue to grow in terms of employees, income received and money spent.

More Victorian community service organisations reported to the Australian Charities and Not-for-profits Commission (ACNC) in the 2016 Annual Information Statement (AIS) than previous years. The growth in the number of community services organisations reporting since AIS reporting commenced in 2013 is most likely due to improved rates of compliance in completing the AIS; and more organisations listing their main activity in areas which fall under VCOSS' community services definition. As the regulatory system matures, future increases are more likely to be caused by growth in the number of organisations.

The Victorian community services industry is a significant employer, with around 161,000 people working in the industry. Most of the industry is categorised as part of the health care and social assistance industry, which employs around 409,000 people in Victoria, the largest industry in the state.⁵

The community services industry employs more people than other key industries such as financial and insurance services (131,900), wholesale trade (102,000), information, media and telecommunications (58,700), arts and recreation (54,000), rental, hiring and real estate services (53,600), electricity, gas, water and waste services (40,700) and mining (12,500).⁶ It is similar in size to transport, postal and warehousing (177,700) and public administration and safety (145,100).⁷

The Victorian community services industry is likely to continue to grow over the foreseeable future. Key drivers are a growing and an ageing population, the rollout of the National Disability Insurance Scheme, the increased response to family violence and other government policies. The health care and social assistance industry workforce, of which community services is a part, is projected to grow by 72,000 in 2022.⁸

The Victorian community services industry had an income of around \$15 billion in 2015-16. Government grants comprised around half this income, similar to previous years. Around 41 per cent was from operating income (e.g. fees and charges) and around nine per cent from donations and bequests. These proportions have not changed substantially from previous years.

Victorian community service organisations remain in a relatively healthy financial position. Over 86 per cent operated either a balanced budget or a budget surplus. Less than 14 per cent operated at a deficit in the reporting year. Again there was little change from the previous years.

This report highlights the growing importance of the community services industry to the Victorian economy. This industry is a significant and growing employer. As well as being valued for strengthening society by supporting people to overcome poverty and disadvantage, community services need to be recognised and supported as a growing, essential industry. Governments can support this by providing certainty of funding, reducing unnecessary regulatory burden and streamlining reporting requirements.

As well as being valued for strengthening society by supporting people to overcome poverty and disadvantage, community services need to be recognised and supported as a growing, essential industry.

5. Australian Bureau of Statistics, *Labour Force, Australia*. Detailed, Quarterly Cat. No. 6921.0.55.003, May 2017.

6. Ibid.

7. Ibid.

8. Australian Government Department of Jobs and Small Business Labour Market Information Portal, <http://lmip.gov.au>.

While these ACNC data are critical for monitoring the growth of the sector over time and its important contribution to Victoria, there are critical information gaps that limit employment data because few questions are asked about charities' workforce in the AIS.

For example, gender, Aboriginality and other demographic factors are not included. The questions on workers' employment status are limited to asking employers to report workers as full-time, part-time or casual workers. This limits the utility of the data. Workers can be full-time and casual or part-time and casual. Fixed term employment is also not captured in the data.

The joint Council of Social Services submission to the ACNC made several recommendations around the improvement of the AIS questions on employment.⁹

Community Services of the future: An evidence review similarly found the community sector could be characterised as being "research poor"¹⁰ and suggested several ways in which research and data collection might be improved.¹¹

However, despite these workforce data limitations, there has been welcome and much needed recognition of the Victorian community services workforce over the four years VCOSS has been reporting on the industry using the ACNC data.

This has included Victorian government measures to support the sector's growth, including funding of the VCOSS – RMIT Future Social Service Institute, the 10-year Community Service Industry Plan, *Keeping our sector strong: Victoria's workforce plan for the NDIS, and Building from Strength: 10-Year Industry Plan for Family Violence Prevention and Response*.

The 10-year Community Services Industry Plan provides a shared platform for government and community services. It both articulates and responds to opportunities and challenges facing the industry. It provides a clear vision for the future of the community services industry:

"Victorians live good lives in thriving communities supported through integrated, connected and sustainable community service organisations that are recognised as the central pillars of a vibrant, inclusive Victoria."¹²

Throughout consultations for the development of the industry plan, VCOSS consistently heard that the community services industry workforce needs to grow to meet current and future demand, and be better distributed to give all Victorians access to services. While pay and conditions play a substantial role in attracting and retaining workers, there is also a lack of knowledge about the industry among the broader population, making it harder to attract applicants to vacant positions. Work in the community services sector is often offered as casual or fixed term. This acts as a disincentive for the sector to invest in employee training and provides little long-term certainty for workers. The short-term nature of many funding contracts contributes to this, as do other uncertainties relating to individualised funding and competition for clients.

Key immediate actions (next one to two years) in the Community Services Industry Plan to take account of these workforce shortages and grow employment supply include:

- Examine the development of a robust, accessible industry-wide dataset on the community services workforce, comparable across sub-sectors and tracked over time.
- Use industry workforce data to plan and implement industry recruitment, retention and workforce development strategies.
- Develop initiatives with schools, VET providers and universities to support workforce supply, including in regional areas, that:
 - build pathways to the industry through increased partnerships with schools, VET and university sectors.
 - ensure funding settings and policies allow for low-fee or fee-free training to meet specific, targeted or rapid spike needs and wrap-around supports for vulnerable learners wanting to enter the industry.
 - develop qualifications, curriculum and teaching practice to meet emerging needs in conjunction with the industry and people with lived experience.
 - build the diversity of the workforce by targeting groups with low representation.
 - streamline placements of students into the industry.
- Develop and begin to implement a regional workforce development strategy and an Aboriginal workforce development strategy.
- Ensure community services workplaces are culturally safe for Aboriginal employees.

These actions are vital for the jobs of the future that will be created in the community services industry. They require funding and bipartisan support.

9. Councils of Social Service Network, *Joint Submission: Review of the Australian Charities and Not-for-profit Commission (ACNC) Legislation*, <https://www.acoss.org.au/wp-content/uploads/2018/03/20180228-Joint-COSS-Submission-Review-of-the-ACNC-Act.pdf>

10. Future Social Service Institute, *Community services of the future: An evidence review*, January 2018, p.5.

11. *Ibid*, pp.5-6.

12. *10-Year Community Services Industry Plan*, VCOSS and DHHS, forthcoming.

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