Australian Community Sector Survey

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Abbreviations

AASB	Australian Accounting Standards Board
ABS	Australian Bureau of Statistics
ACOSS	Australian Council of Social Service
ACSS	Australian Community Sector Survey
AIHW	Australian Institute of Health and Welfare
ANZSIC	Australian and New Zealand Standard Industrial Classification
ATO	Australian Taxation Office
COAG	Council of Australian Governments
CALD	Culturally and linguistically diverse
DEEWR	Department of Education, Employment and Workplace Relations
DGR	Deductable Gift Recipient
DSP	Disability Support Pension
ER	Emergency relief
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
FBT	Fringe Benefits Tax
FTE	Full time Equivalent
FMP	Financial Management Program
GDP	Gross Domestic Product
GFC	Global Financial Crisis
ICNPO	International Classification of Non-Profit Organisations
ICT	Information and Communication Technologies
NFP	Not-For-Profit
NGO	Non-Government Organisation
PBI	Public Benevolent Institution
PC	Productivity Commission
SCOA	Standard Chart of Accounts

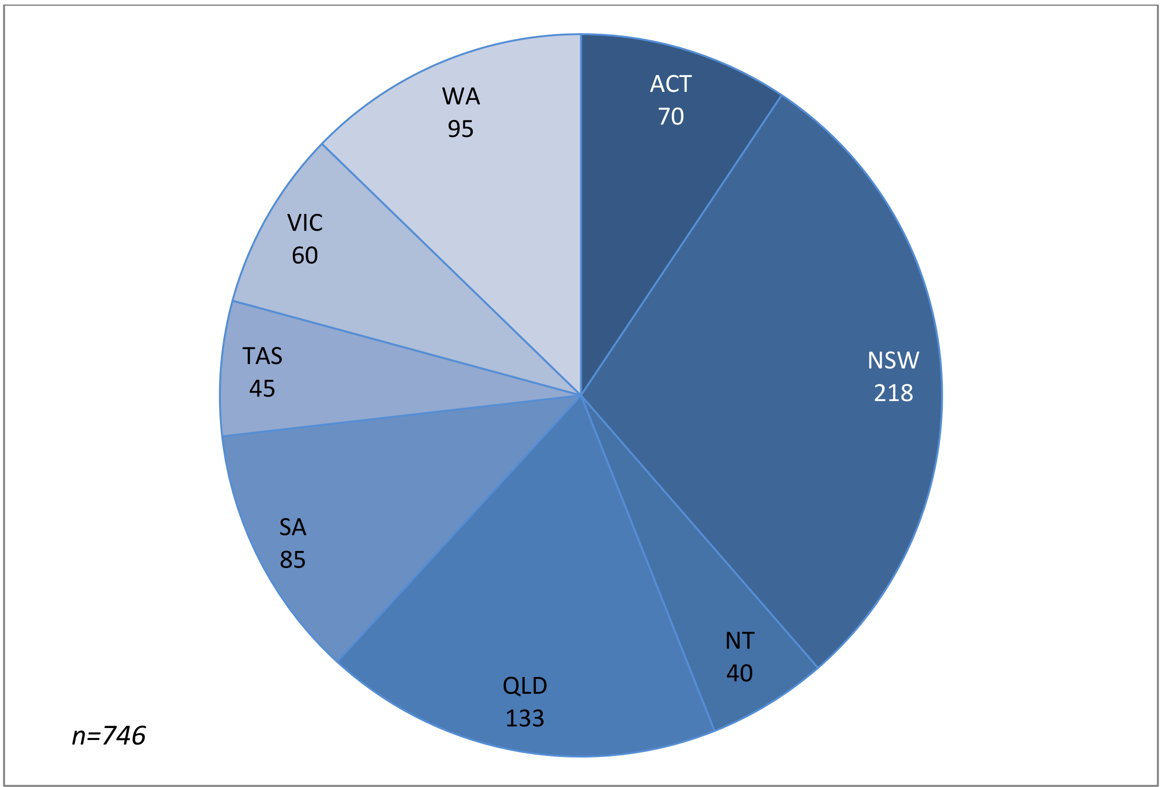
1 Introduction

The Australian Community Sector Survey 2011 (ACSS) presents the findings of ACOSS' annual survey of community services across Australia. Volume 6 presents specific data from respondents in South Australia. The survey was conducted throughout November-December 2010 and covers the period from 1 July 2009 – 30 June 2010. A total of 745 agencies completed the survey, responding on issues relating to service provision, income and expenditure, operational, policy, and workforce issues for the community services sector. SA provided 85 responses to the survey. A comparison with responses from other states and territories can be seen in the following graph.

The ACSS is the only annual national survey collecting data about the non-government, non-profit community services and welfare sector. This sector is a major provider of the community services that most of us rely on at some point in our lives, but which are particularly important to people on low incomes.

The survey methodology relied upon a combination of snowball and purposive sampling. Member organisations across the Councils of Social Service (COSS) in the states, territories and nationally were emailed information about the survey, and a link to a website where they could complete it. Organisations were also asked to forward the information to other eligible organisations beyond the COSS network. In a variation from previous years, the survey's scope was expanded to encompass additional peak bodies who were asked to forward the survey link to their own members and other organisations who met the organisational criteria. This process also enabled particular sub-sectors who had been under-represented in previous years of the survey to be targeted to increase their representation in the survey sample.

Figure 1.1 Survey returns by State/Territory



1.1 Limitations

There are a number of limitations to the data presented in this report. Firstly, representativeness of the sample depends upon the self-definition of organisations according to specified criteria. Boundaries around who is included within the community sector are not precise or sharply delineated, and similar such caveats apply to the definition of sub-sector boundaries. These limitations are inherent in the sector itself and are therefore reflected in any efforts to analyse and research the community sector, including through the methodology and conduct of this survey.

Secondly, there is a high variability in the response rate to questions within this survey among respondents. This means that many of the data presented are indicative rather than representative. The survey analysis has taken account of this as much as possible, for instance by omitting questions from the report's analysis where the response rate was insufficient.

One of the reasons for this high variability in response rates is due to the limited capacity of many community services to collect, compile and collate the data requested by the survey. As a result, certain information is based on considered estimates from respondents rather than rigorous and precise data collection at an organisational level. This also has an impact on the comparability of data collected by individual organisations within and across sub-sectors of community services.

2 Service characteristics

This section characterises the respondent organisations from South Australia according to the type of services delivered, their size, and the location and geographical remit of their operations.

2.1 Geographic location and coverage

Using the Australian Standard Geographical Classification (ASGC) schema (ABS 2010), organisations were asked to identify their locality type according to the degree of rurality or remoteness associated with their area(s) of operation.

While the majority of organisations operated in a major city, an almost equal amount worked in either inner or outer regional areas. 88% of organisations reported that they worked in more than one locality type.

Figure 2.1 Distribution of services according to locality type

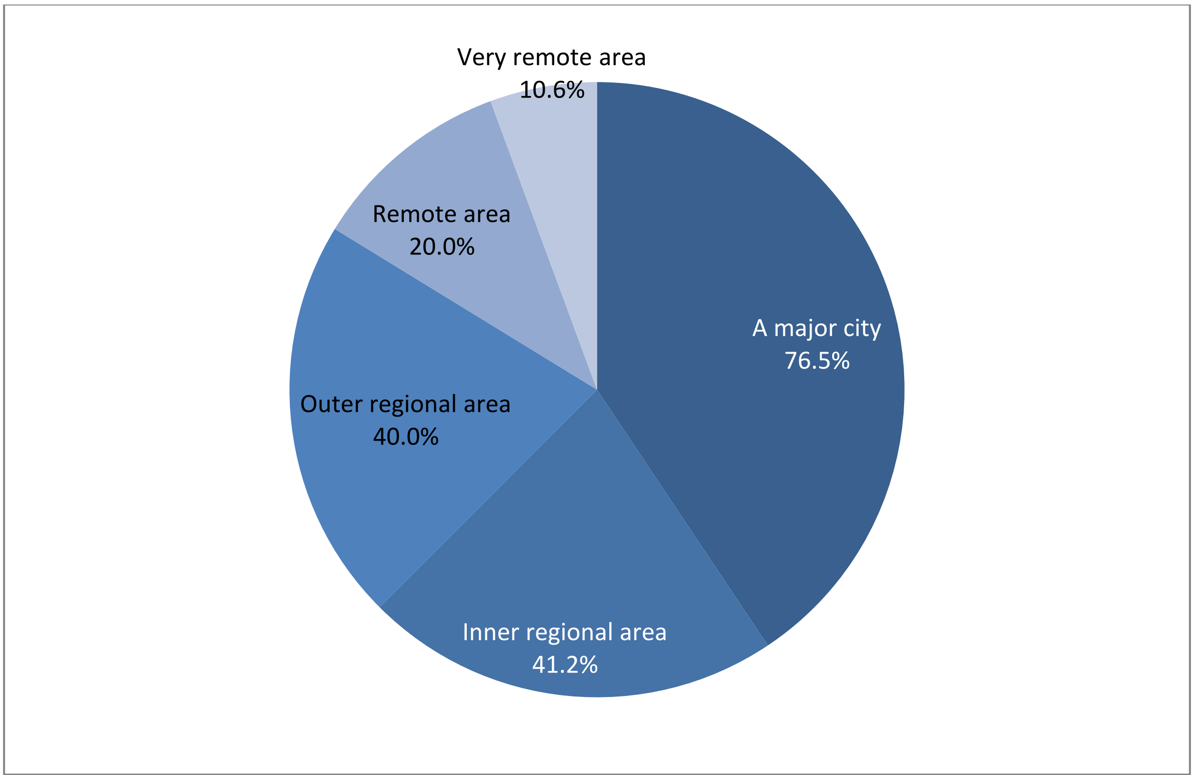
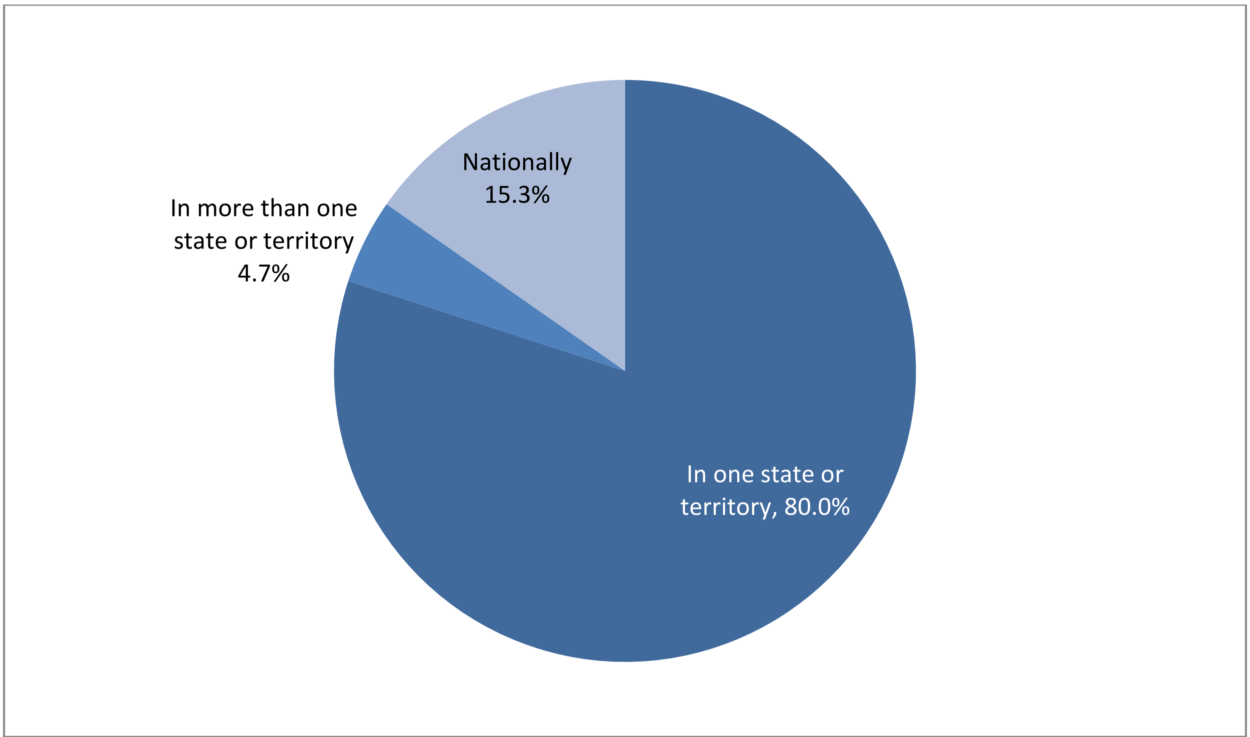


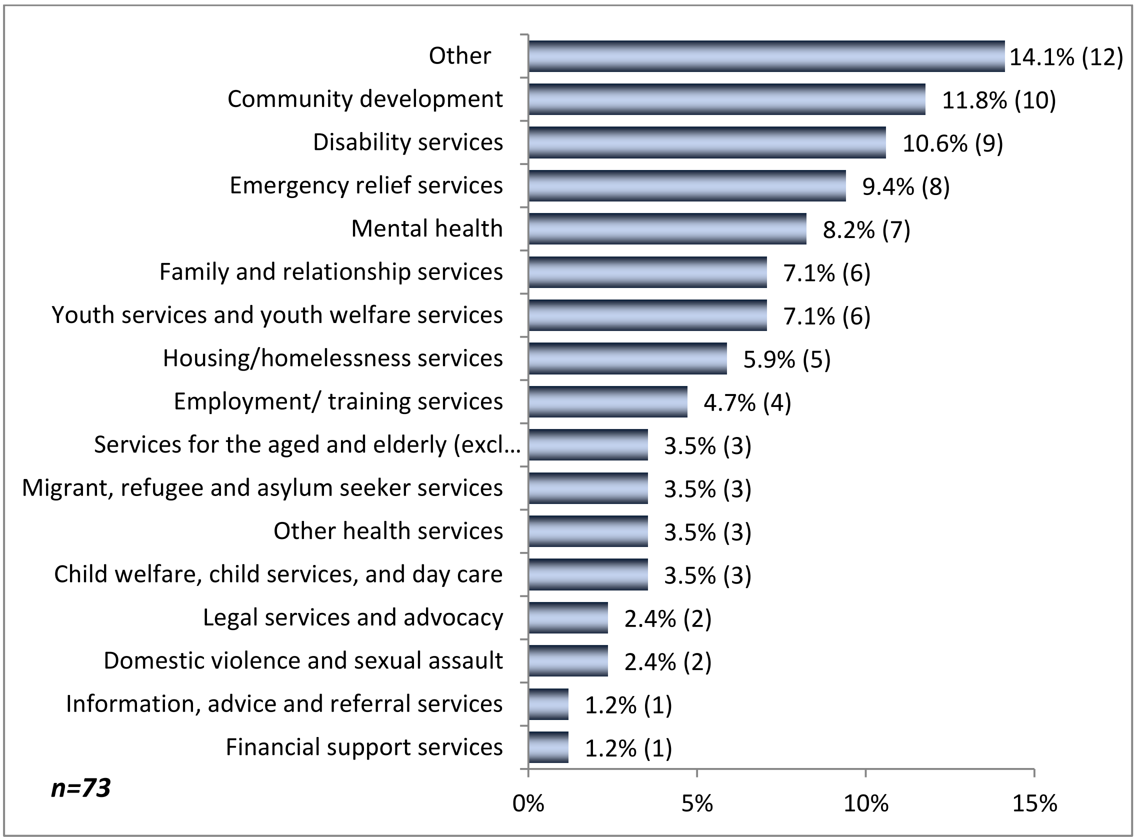
Figure 2.2 Geographical remit of organisations



2.2 Areas of service delivery

Organisations were asked to specify their primary area of service delivery, as shown in Figure 2.3. Categorising organisations in this way enables comparisons to be made about the particular issues and trends impacting on different service sub-sectors. However, as many respondent organisations delivered more than one service simultaneously, the breadth of services offered by many organisations made such categorisation inherently problematic. Given the composite nature of many organisations, a significant number of survey respondents indicated that there was not any single service category that predominated amongst the array of services they provided; these services have been accounted for in the 'other' category.

Figure 2.3 Organisations according to primary area of service provision



2.3 Organisational size

For the purposes of this survey, the size of respondent organisations is defined according to their level of annual income. The substantial variation in income that existed across the community sector is reflected in Table 2.4. The majority of organisations which gave their income information were in the very small (<$250,000) category; however a large proportion were in the very large (>$3,500,000) category.

Table 2.4 Organisational size, based on annual income

Size	Income range (annual)	Number	Percentage
Very small	<$250,000	10	30.3%
Small	$250,000 - $500,000	6	18.2%
Medium	$500,000 - $1,000,000	2	6.1%
Large	$1,000,000 - $3,500,000	7	21.2%
Very large	>$3,500,000	8	24.2%
TOTAL		**33**	

3 Service usage

A fundamental challenge for community sector organisations is the capacity to meet the demand for services, while at the same time managing funding and resourcing constraints. Monitoring shifts in the scope and complexity of client needs is also critical to mapping and understanding trends in the use of services across the community sector.

This section examines patterns in service usage, revealing not only a significant increase in demand across sub-sectors, but also a growth in the numbers of people turned away from services and an increase in the proportion of people presenting with multiple and complex needs.

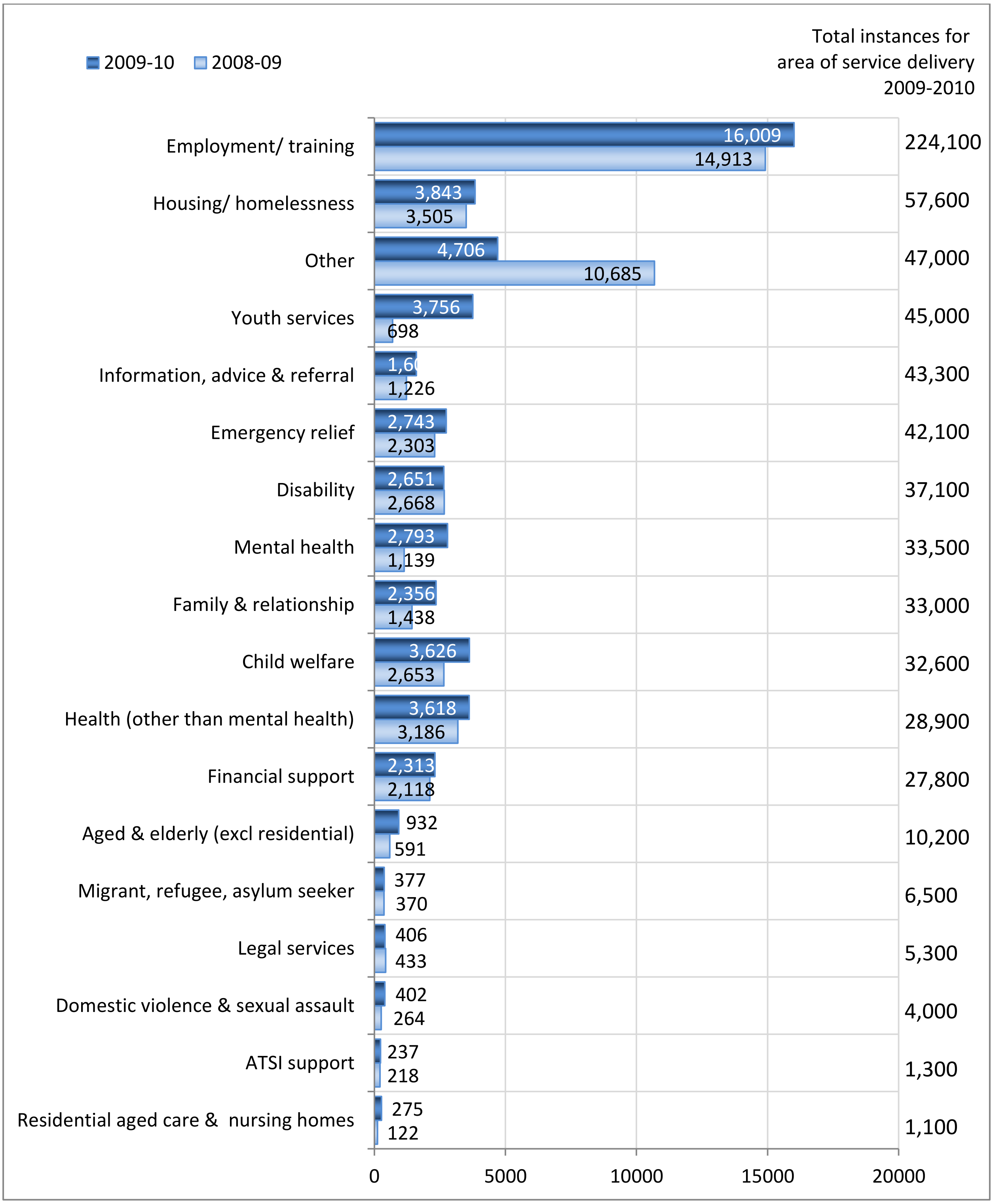
3.1 Number of services provided

In 2009-10, respondent organisations provided services on 680,757 occasions. This represents a 16% increase on the 560,321 instances of service provided by these agencies in 2008-09.

The number of services provided in different areas of service delivery is illustrated by Figure 3.1, which depicts the average number of times individual organisations provided a service in 2008-09 and 2009-10. The column on the right of this figure shows the total number of times services were provided in specific service areas in 2009-10. Some caution should be exercised in comparing the number of services provided across different categories of service delivery, as what constitutes an instance of 'service' provision (and the resources each 'instance' entails) depends on the type and nature of the service delivered; and the total number of instances a service is provided can be influenced by the changing numbers of organisations providing that service.

Almost all areas of service delivery experienced an increase in the number of services provided. The percentage increase from 2008-09 to 2009-10 was extremely pronounced for youth services, mental health and family and relationship services, due, at least in part, to increased numbers of organisations providing these services. The sub-sectors which experienced a decline in the instances of service provision were disability services; legal services; and other services.

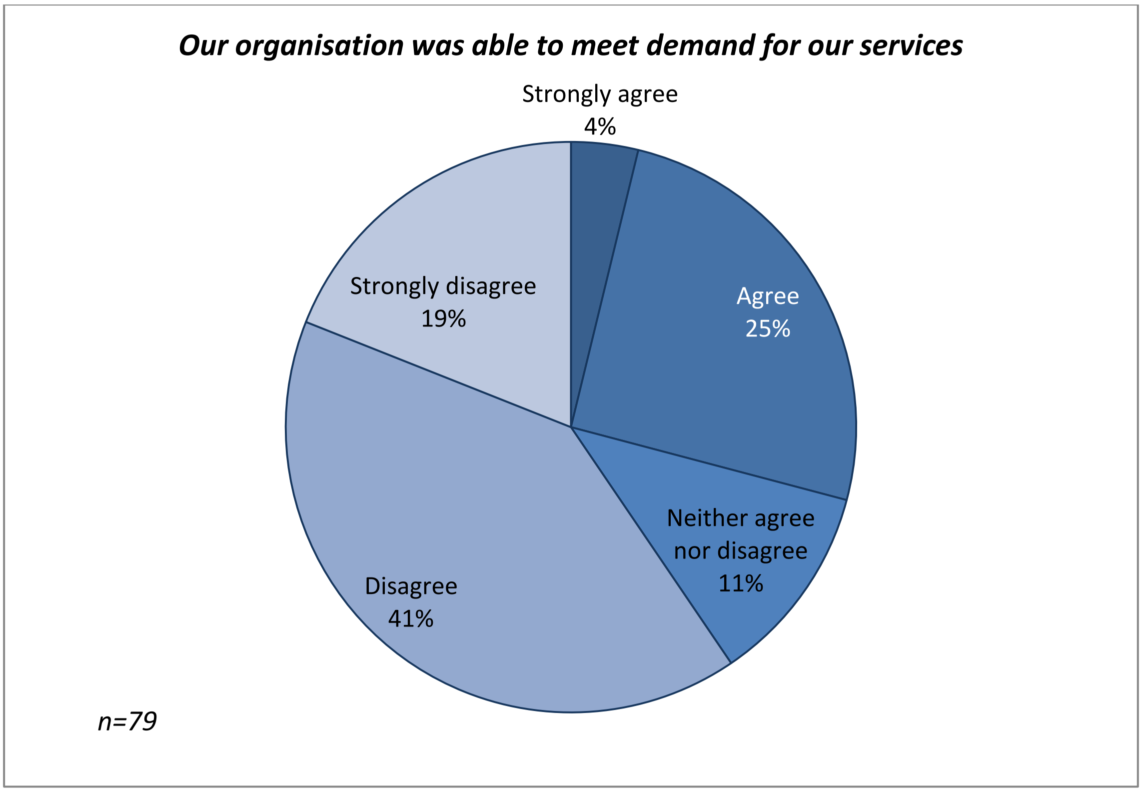
Figure 3.1 Average number of services provided by organisations, according to area of service delivery



3.2 Demand

Despite the overall increase in services delivered, the majority of organisations indicated that they were unable to meet the demand for their services, with 60% disagreeing or strongly disagreeing with the statement 'our organisation was able to meet demand for our services', as can be seen in Figure 3.2.

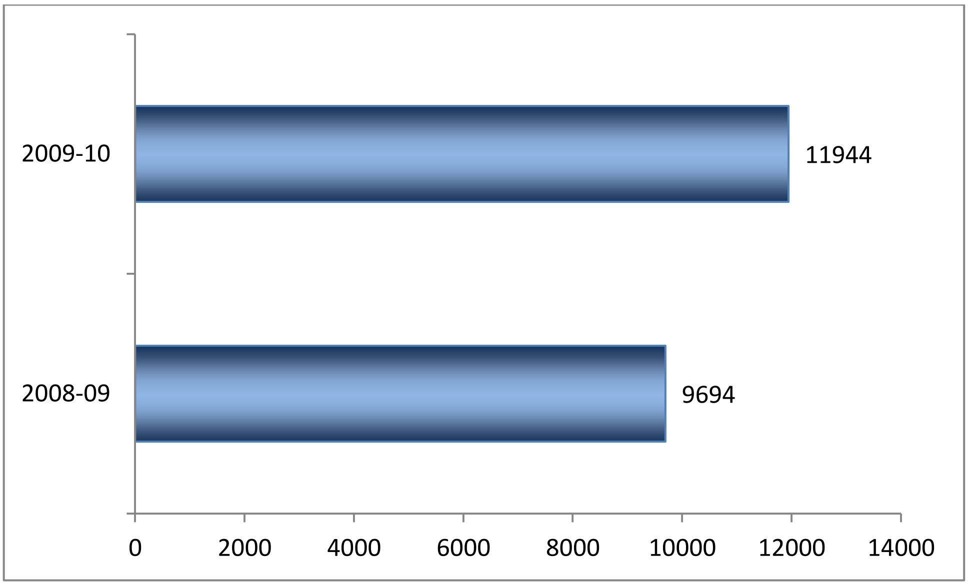
Figure 3.2 Ability to meet demand for services



3.3 Turn-away rates

Corresponding to widespread difficulties meeting demand, survey respondents indicated that a substantial number of people were unable to access the social services that they sought. For 2009-10, clients were denied service on approximately 11,944 occasions. This represents a 23% increase on the number of people turned away in 2008-09.

Figure 3.3 Total number of times people were turned away across all service types



As is evident from the national report, analysing the total number of people turned away in specific service categories further highlights the disjuncture between the supply and demand of these important social services. However, insufficient response rates at the state and territory level make it difficult to provide further detail by jurisdiction.

3.4 Service targeting

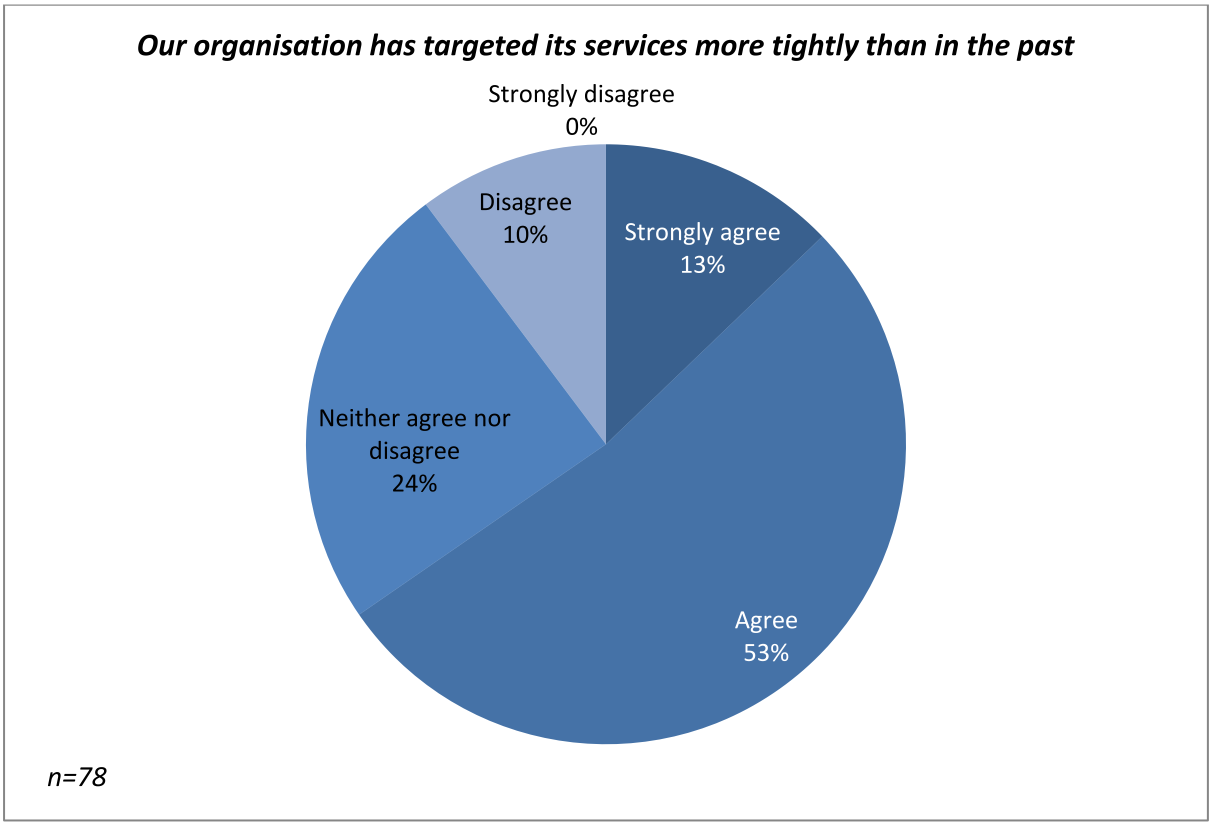
Several factors may contribute to a narrower targeting of social services. When demand outstrips the capacity to supply services, organisations will often ration services by tightening the eligibility criteria for prospective clients, or limiting the scope and extent of services offered to individual service users. This varies depending on the area of service delivery, but can involve directing services to people in the greatest need, or focusing on interventions that address immediate crises rather than underlying needs (i.e. ‘band-aid’ interventions).

Alternatively, government policy and practices may compel organisations to target services toward specific clients. Performance-based funding contracts often prescribe target groups or require specific output measures to be met. To secure funding and meet contractual requirements, organisations may therefore prioritise designated target groups. Where there is an emphasis on meeting numerical targets or outputs, contractual requirements may induce organisations to focus on service users who are ‘cheaper’ or whose needs are easier to meet. In other words the imperatives of rationalising resources and meeting output measures can discourage organisations from engaging with individuals with more complex needs and who may require more resource-intensive interventions.

Although the survey data do not enable the relative impact of these different factors to be determined, they do indicate that tighter service targeting correlates with difficulties meeting service demand and contractual requirements with government.

As Figure 3.4 shows, 66% of respondents either agreed or strongly agreed with the statement that ‘Our organisation targeted its services more tightly in the past’.

Figure 3.4 Service targeting, across all services



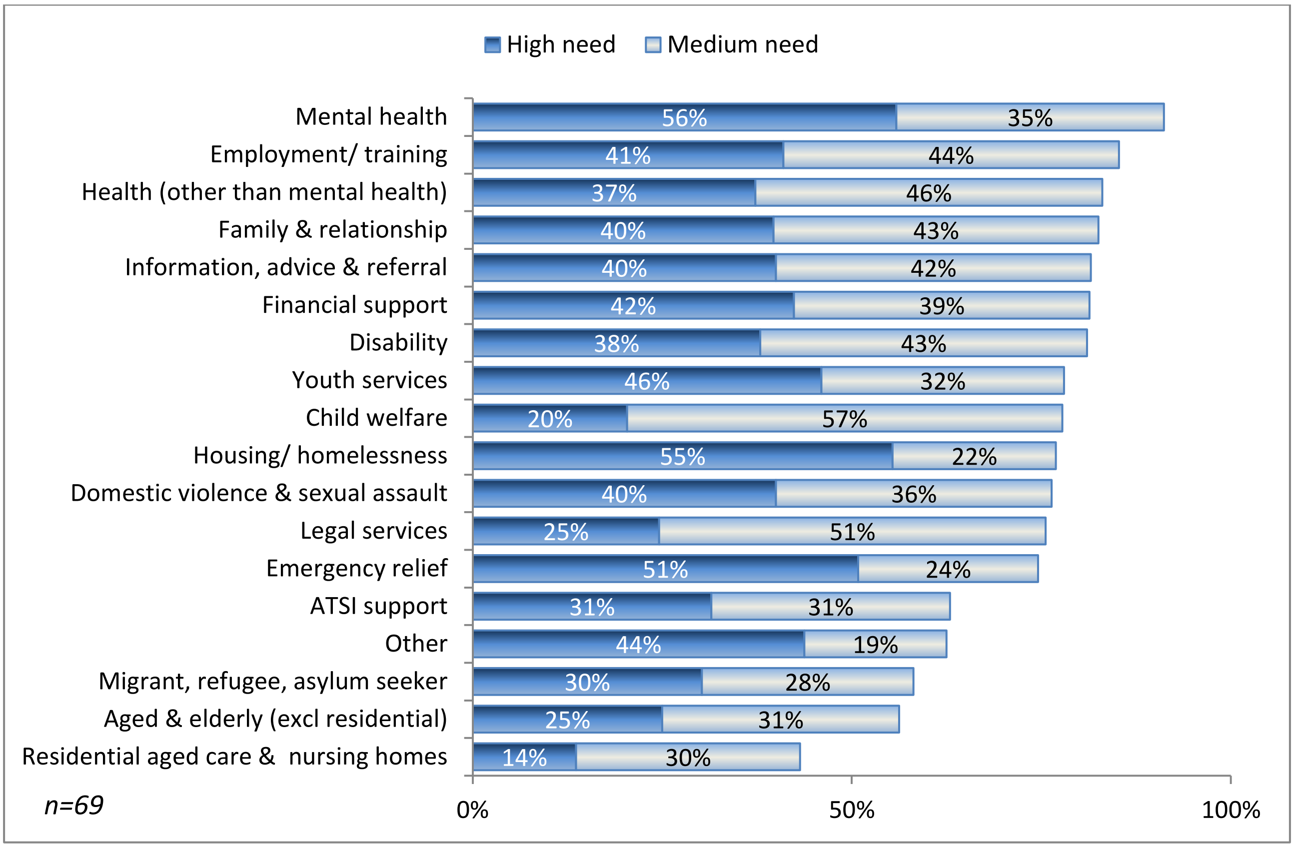
3.5 Areas of unmet need

Organisations were asked to indicate the level of unmet need among their service users for supports and services that they as an organisation did not provide. In response to this question, organisations reported a high level of unmet need across a wide range of services.

As Figure 3.5 indicates, unmet need was most acute in the area of mental health, with an overwhelming 91% of organisations identifying this as an area of high or medium need. The level of unmet need was also particularly pronounced in the areas of employment and training (85%), general health (83%), family and relationship services (83%), and information, advice and referral (82%).

The high level and variety of unmet needs is consistent with both an increasing complexity in the issues service users face, and policy and service delivery systems ill-equipped to deal with this complexity.

Figure 3.5 Unmet need: services or supports sought by people with high and medium needs



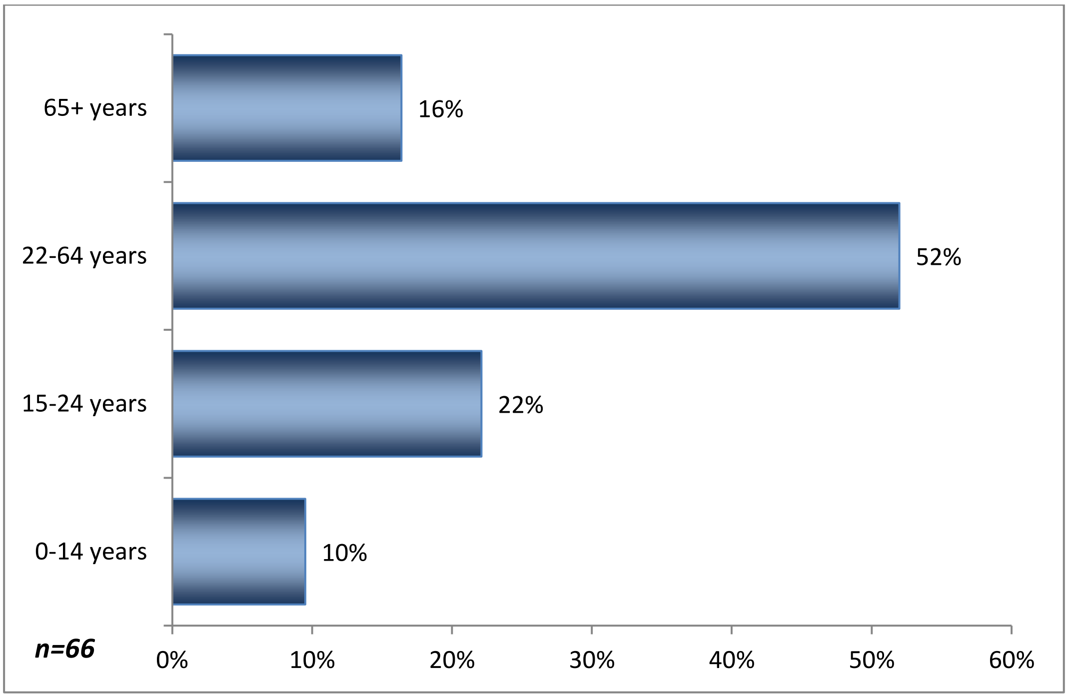
3.6 Profile of service users

Although social services are accessed by a broad cross-section of the community, certain population groups figure more prominently than others. Organisations were asked to identify the profile of services according to a range of characteristics including age, gender, employment status and, where applicable, the type of government payment they received.

3.6.1 Age

Figure 3.6 shows the age profile of people accessing the services of surveyed organisations. As this age profile suggests, the largest group accessing community services were aged between 25 and 64 years (52%). The next largest group accessing services was those aged between 15 and 24 years (22%).

Figure 3.6 Age profile of service users



3.6.2 Demographic characteristics of service users

Figure 3.7 provides a profile of users with different characteristics accessing community services during 2009-10. As can be seen from this table, Aboriginal and Torres Strait Islanders were over-represented within the groups of service users, compared with the general population.

Figure 3.7 Service users by population group

Population group	Percentage	Percentage of Australian population
People with a disability	15%	18.5[1]
ATSI	11%	2.5[2]
Jobless	20%	34.8[3]
CALD	10%	21.0[4]
Single parents	12%	4.3[5]
Women	27%	50.0[6]
Not Australian citizens	4%	4.6[7]

3.6.3 Government pensions and other income support payments received

Figure 3.8 provides a breakdown of service users according to the type of government pension, allowance or other income support payment they received.

As this table indicates, the age pension and the disability pension were the most common income support payments received by service users. The proportion of service users receiving the age pension was the highest (26%), followed by the disability pension (24%).

[1] ABS 2009
[2] ABS 2006
[3] Average of monthly workforce participation rates reported in ABS: Labour Force, July 2009-June 2010
[4] Proportion of people who speak language other than English at home (ABS 2006)
[5] ABS 2006
[6] ABS 2006
[7] ABS 2006

Figure 3.8 Government pension, allowance or other income support payment received by service users

Type of payment	Percentage
Age pension	26%
Disability pension	24%
Parenting payment (single)	16%
Carer payment	4%
Carer allowance	5%
Newstart allowance	16%
Youth allowance	5%
Other pension	3%
Other allowance	1%

4 Workforce

Concerns about workforce sustainability and viability are well established within the community sector. Developing, supporting and sustaining the community sector workforce poses a critical challenge to the sector, and to governments concerned about the effectiveness of their funding for community services, as a number of trends relating to labour dynamics, working conditions, and workforce converge. These issues were given added impetus during the period that this survey covers, with several significant events and landmark reports highlighting the workforce challenges faced by the non-government community services sector.

4.1 Workforce composition

Across the non-government NFP community sector there is a wide variation in the size and composition of the workforce. This variation is demonstrated by Table 4.1**,** which presents the average organisational numbers of paid staff, volunteers, and paid and unpaid board members.

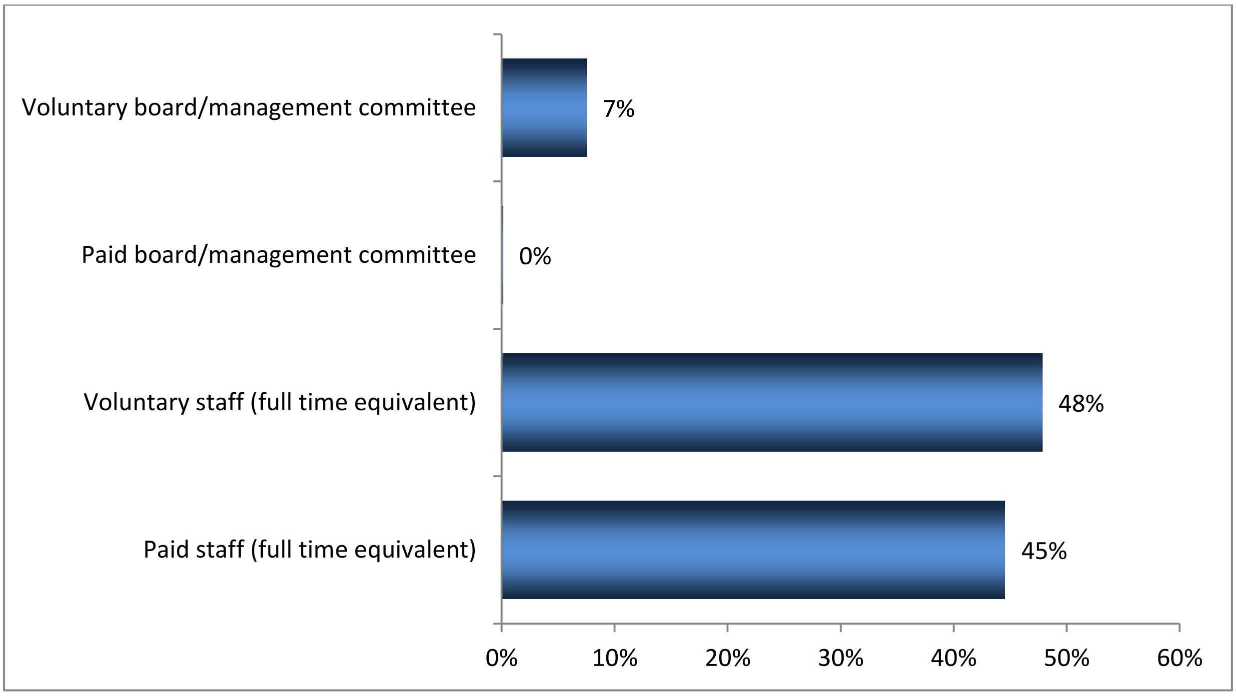
Table 4.1 Average number of paid and volunteer staff employed by organisations

Employment type	Number
Paid staff (FTE)	51.0
Voluntary staff (FTE)	54.8
Total staff (FTE)	105.8
Paid board/management committee	0.1
Voluntary board/management committee	8.6

The social services workforce is heavily reliant upon volunteers, with approximately 36% of the national workforce being volunteers (ABS 2010).

Respondent organisations in SA typically had an almost equal amount of volunteer (48%) and paid staff (45%), while boards or management committees acted in a voluntary, unpaid capacity.

Figure 4.2 Relative proportions of paid staff and volunteers in workforce



4.2 Staff turnover

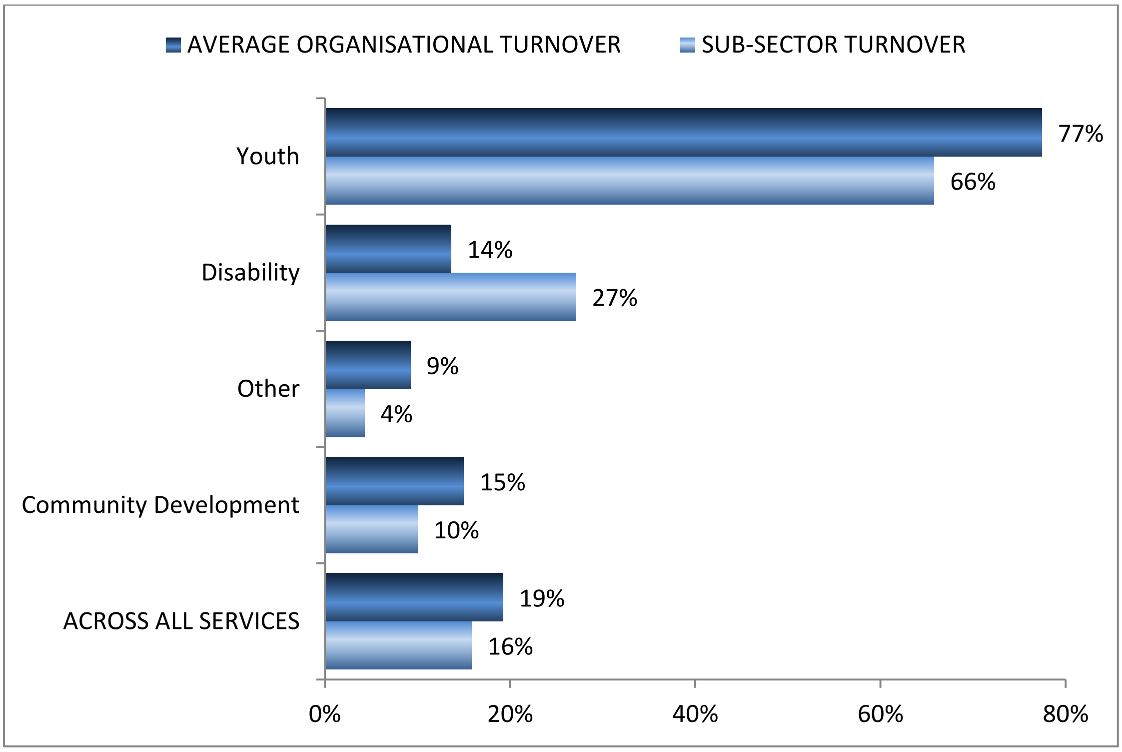
High staff turnover is consistently identified as a ey workforce challenge for the community services sector (Briggs et al 2007; ASU 2007; ACOSS 2010). Apart from the loss of expertise and continuity, staff turnover can be a major cost, draining resources from service delivery and staff development and training. For the community sector, the labour-intensive nature of much service delivery, combined with the investment required in staff collaboration and the small size of many organisations, means that the impact of staff turnover can be more profound than what might be experienced in most other industries. Table 4.3 provides an overview of the numbers of staff that were hired or who left during 2009-10.

Table 4.3 Staff hired and left 2009-10

	Hired (FTE)	Left (FTE)	Net increase (FTE)
Service delivery	9.1	4.6	4.5
Policy, research or advocacy	0.1	0.1	0.0
Management	1.6	1.1	0.5
Communications/media	1.1	0.4	0.4
Administration and finance	0.2	0.1	0.1
Other	1.3	0.4	0.6

Figure 4.4 shows annual staff turnover across all services and, where a sufficient number of responses were received, within specific areas of service delivery (service sub-sectors).

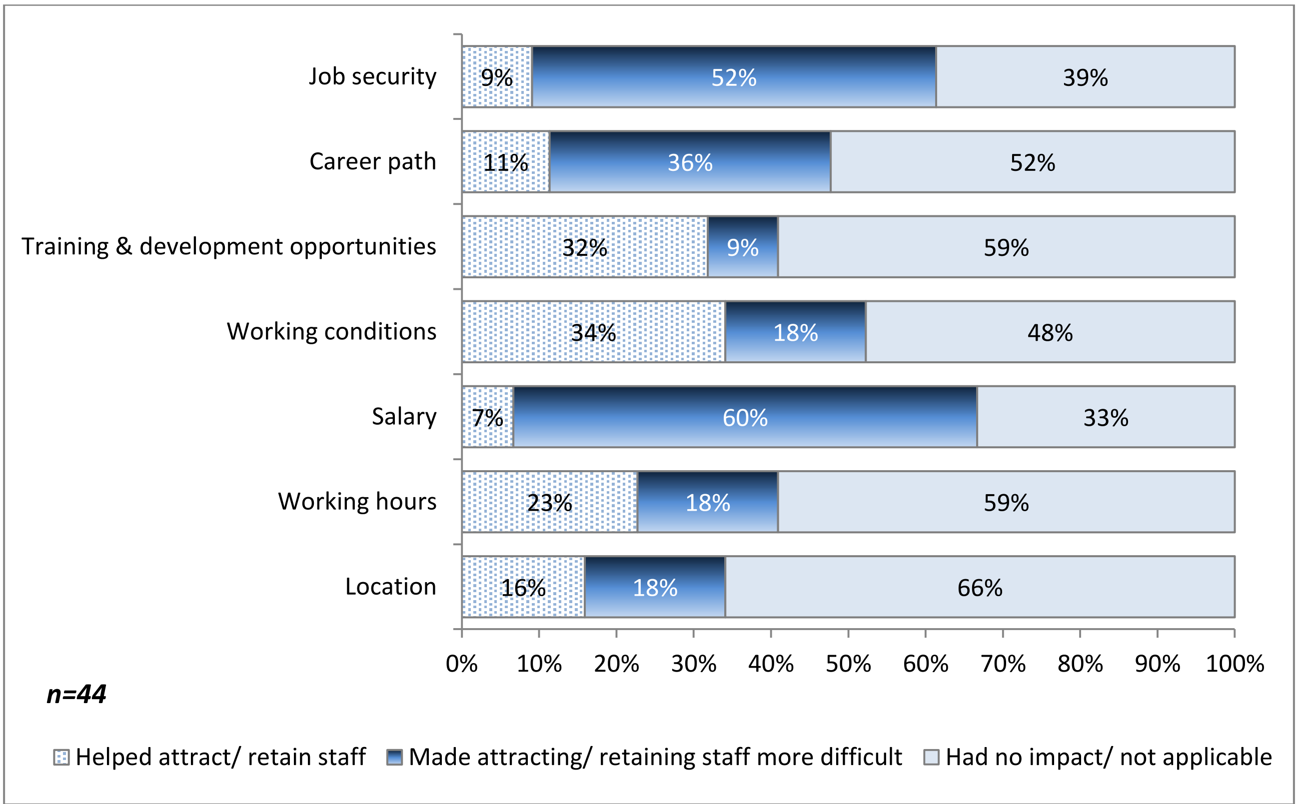
Figure 4.4 Staff turnover according to primary area of service delivery



4.3 Recruitment and retention

Throughout South Australia, salary and job security proved to be the greatest impediments to recruiting or retaining staff for the sector. Figure 4.5 shows that these two factors were identified as significant barriers across the organisations surveyed. However, working conditions and working hours were identified as incentives for recruitment and retention of staff.

Figure 4.5 Factors impacting on staff recruitment and retention



5 Funding and regulatory arrangements

The adequacy and effectiveness of funding and regulatory frameworks are issues of enduring concern within the community sector. Over the past two decades, such issues have taken on a renewed urgency in the context of the sector's expansion, the rise of competitive contracting arrangements, and the growing demand for human services. While such changes have opened up opportunities for many organisations, access to sufficient and reliable income remains a key challenge impacting on organisational ability to recruit and retain staff, to effectively deliver services, and to balance service delivery demands and administrative requirements with the need for systemic advocacy.

This section examines key measures of funding, and presents data relating to organisational income, expenditure and operating surpluses. It also considers the impact that government legislation and regulations have had on service delivery, including the ability of organisations' to innovate, advocate and plan.

The majority of surveyed organisations stated that the level of funding they received in 2009-10 was insufficient to cover the true costs of delivering contracted services. The majority of organisations relied heavily on government funding, but most organisations indicated that this funding was insufficient to cover the true costs of delivering services, nor did it enable forward planning or innovation. Most organisations, however, did not feel that the funding they received from government imposed restrictions on their capacity to public advocacy or voice concerns on behalf of those using their services.

5.1 Income and expenditure

Figure 5.7 shows the overall income and expenditure based on the aggregated financial data provided by surveyed organisations. The surplus (or deficit) measures the difference between revenue and expenditure, revealing the extent to which the income an organisation received was sufficient to meet the costs of providing services. Where an operating deficit existed, the costs being incurred in that year exceeded the income, forcing organisations to meet costs via other means. In such instances, the surplus appears as a negative figure.

There was huge increase in the overall income from 2008-09 to 2009-10, and a slight increase in total expenditure. However, both years indicated an overall deficit, especially large in 2008-09.

Table 5.1 Total expenditure and deficit/surplus for 2008-09 and 2009-10

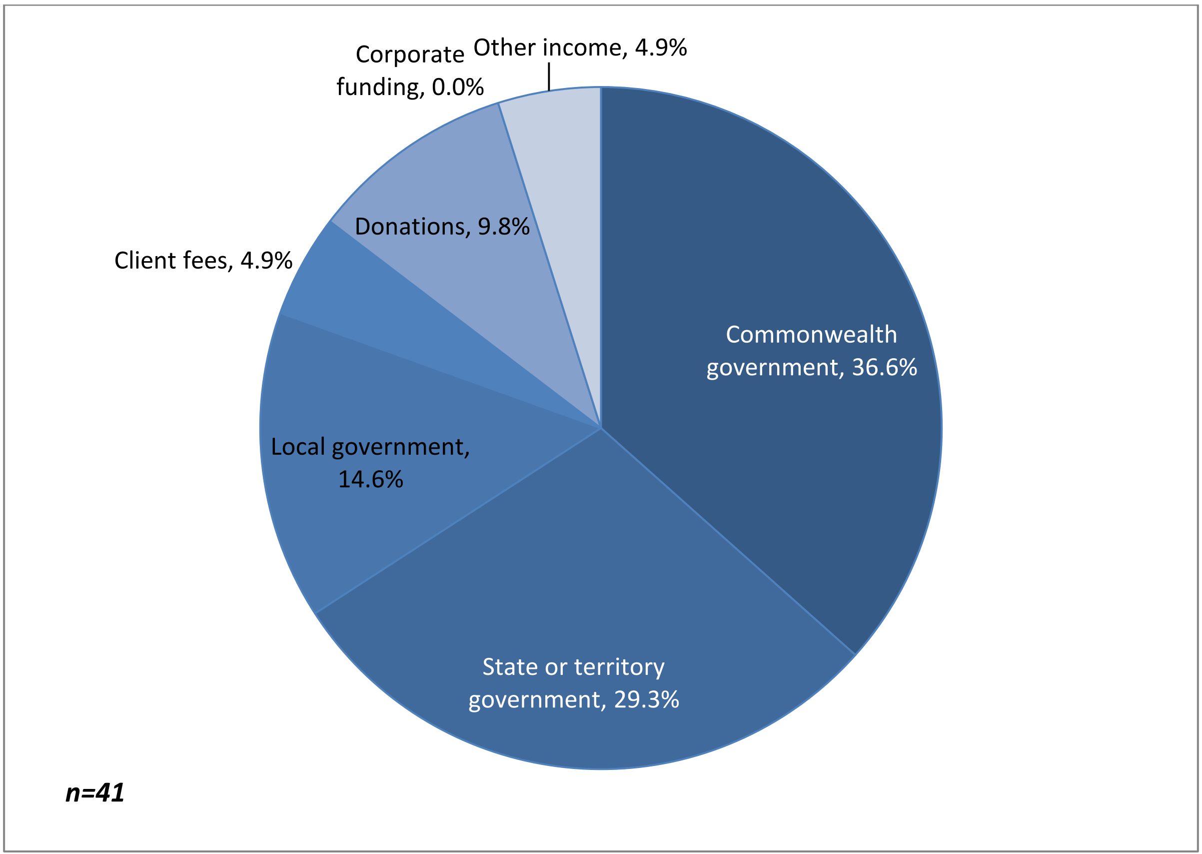
Year	Total expenditure ($ 000)	Total income ($ 000)	Surplus ($ 000)
2008-09	8,452	4,903	-3,549
2009-10	9,168	8,926	-242

5.2 Sources of income

In contrast to for-profit and government organisations, NFP social services often derive their revenue from a wide range of sources. These sources include government grants and contracts, fundraising, income from service users, membership fees, and income from investments and other business activities.

While many organisations seek to diversify their revenue streams, government funding continues to constitute the major source of income for many community services. Survey respondents were asked to list their primary income sources for 2009-10, and Figure 5.2 shows the breakdown of funding sources when these financial data are aggregated. As this graph reveals, funding received from Commonwealth and state or territory governments accounts for 65.9% of primary income. Local government provided a higher percentage of primary funding than in other states and territories, at 14.6%.

Figure 5.2 Primary source of income

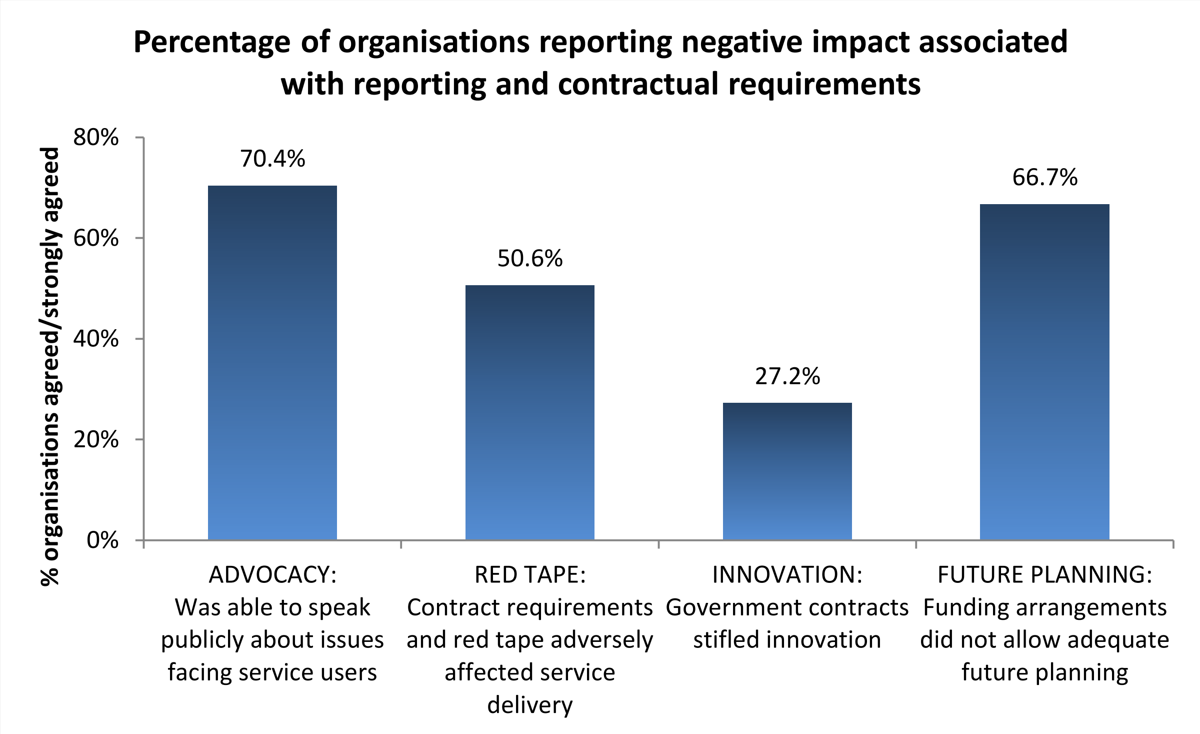


*Other income may include management fees, interest, managed fund distributions, net profit on sale of property, plant, equipment, etc.

5.3 Reporting and contractual requirements

As Figure 5.2 shows, community organisations derive a significant proportion of their primary income from government funding. However, contractual and reporting requirements associated with government contracts can place a heavy burden on organisations, as shown in Figure 5.3.

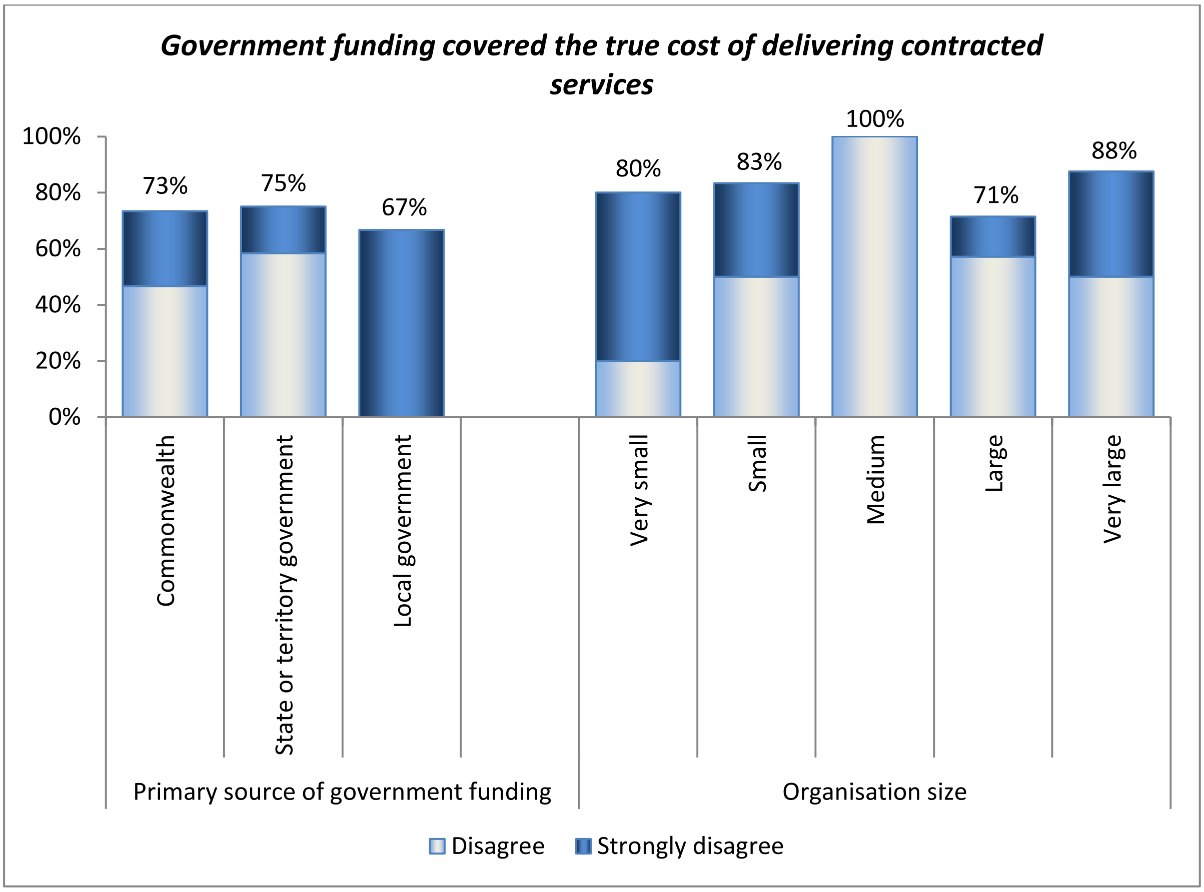
Figure 5.3 Impact of contractual and reporting requirements, across all organisations



5.3.1 Funding levels and service delivery costs

The Productivity Commission's study into the contribution of the not-for-profit sector found that government funded services are routinely funded at only 70% of the cost of delivering those services (PC 2010). This has significant implications for the viability and effectiveness of community services, particularly those engaged in government-funded service delivery. It also raises important questions about the adequacy of funding for community services, when even those that are government-funded have to make up a shortfall in their funding. Respondents were asked to indicate whether government funding covered the true cost of delivering contracted services, on a spectrum ranging from 'strongly agree' to 'strongly disagree'. The vast majority of respondents disagreed that government funding covered the true cost of delivering contracted services, as the following figure illustrates. The rate of disagreement varied depending upon the source of government funding and the size of the respondent organisations.

Figure 5.4 Impact of government funding on the cost of delivering services



5.3.2 Red tape and compliance burden

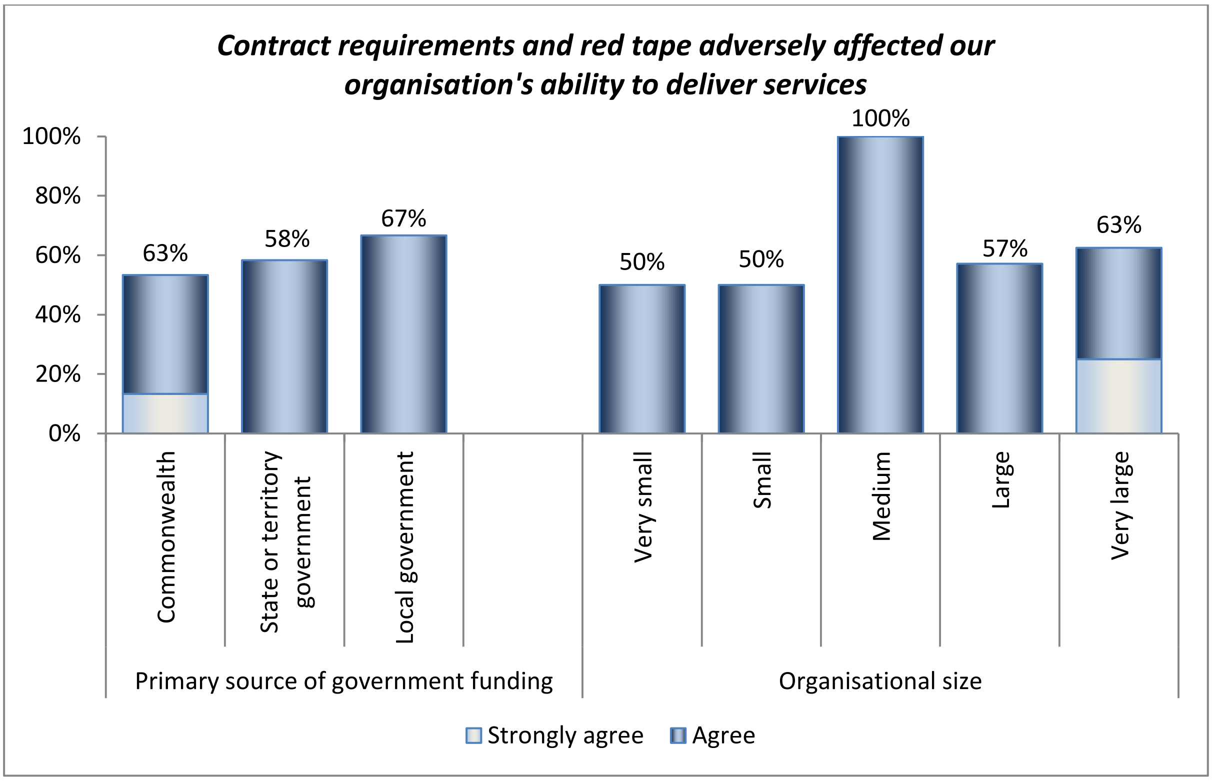
The framework of contracting relationships is a key factor in the effectiveness of community services. While contracts are often the mechanism that delivers funding for services, contract requirements can act as barriers to services effectiveness, for example when funds intended for services have to be diverted into organisational resources to meet funder's reporting requirements. A certain level of transparency in the expenditure of funds for community services is legitimate and important, particularly in respect of government funds; but the notion of 'red tape' implies an unnecessary or excessive compliance requirement.

As the following figures show, many respondents indicated that excessive contract requirements did impact on the ability to deliver services. Figure 5.5 shows the extent to which this impact varied according to the source of funding between levels of government (Commonwealth, state or territory and local) and the size of the organisation. The diversity in the sources and levels of funding suggests that the red tape burden is unlikely to fall evenly across a range of organisations. Larger organisations typically have specialised corporate support systems to manage the tendering, contracting, performance monitoring and reporting requirements that have become a standard feature of government funding.

At the same time, they may have a greater number of contracts or higher levels of funding to require these systems. Managing such processes can pose different challenges for smaller organisations, with fewer resources to devote to them.

It is apparent from the following graph that organisations funded by local government funding were more likely to feel the effects of red tape, as did medium and very large organisations.

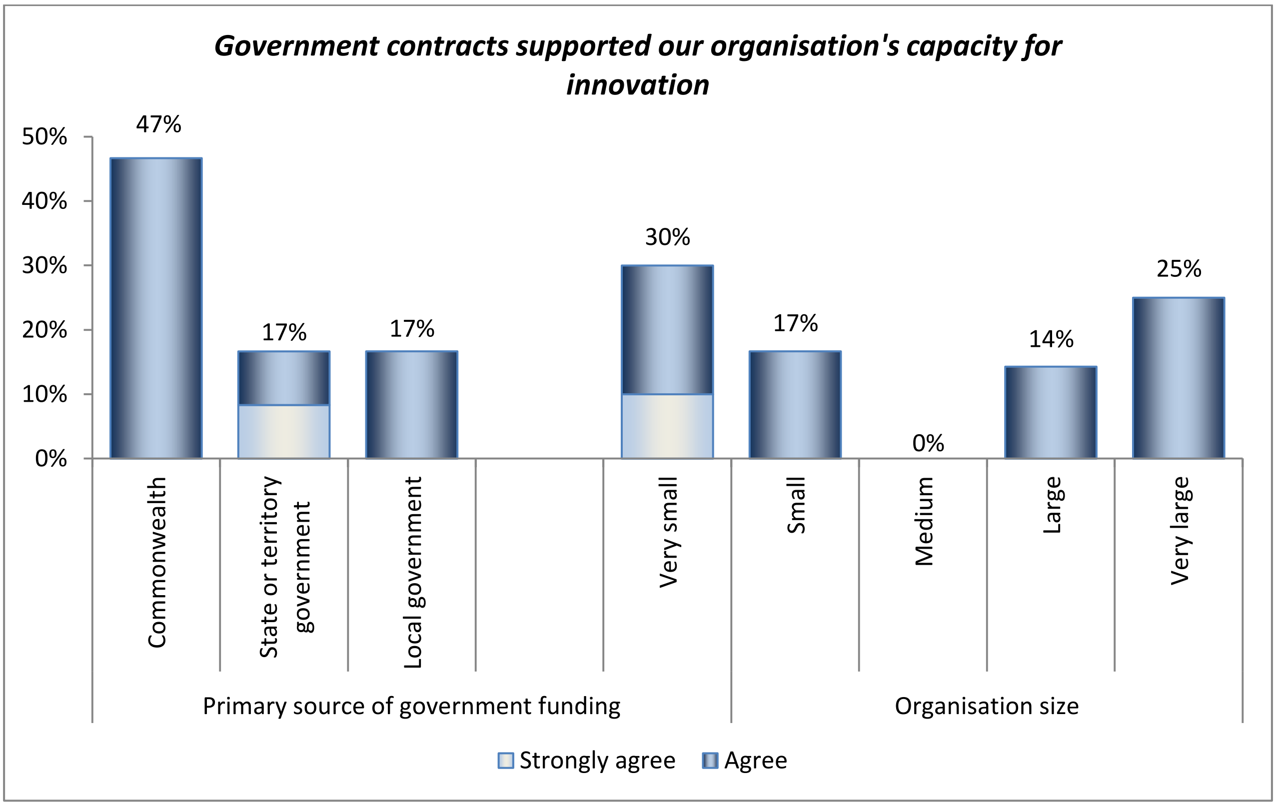
Figure 5.5 Impact of contract requirements and red tape on ability to deliver services



5.3.3 Innovation, responsiveness and flexibility

Innovation is central to the mission and approach of community services. But it rarely receives support through funding or other resources necessary to ensure organisational capacity for innovative approaches. Respondents were asked whether government contracts supported organisational capacity for innovation. The following figure shows levels of agreement with that statement. A far higher percentage agreed that commonwealth contracts supported innovation than state and territory or local government contracts.

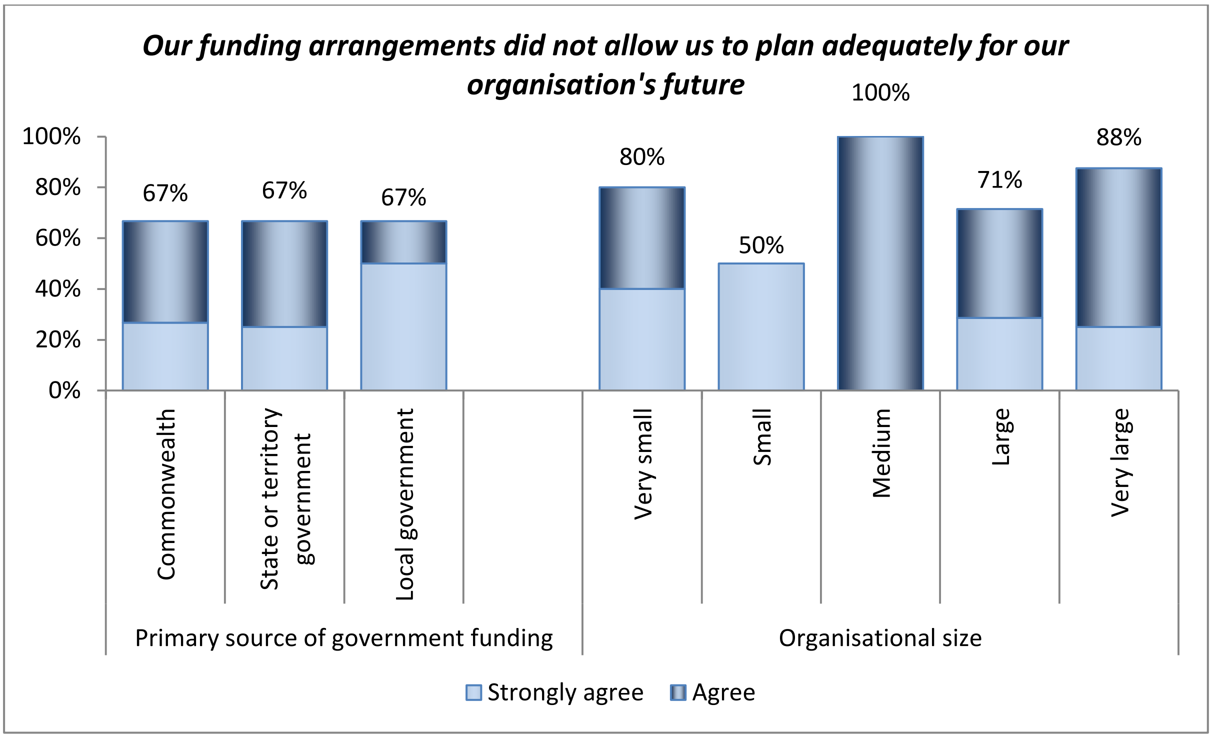
Figure 5.6 Impact of government contracts on capacity for innovation



5.3.4 Future planning

As reported previously, government funding accounts for a large portion of primary funding for community services. Yet the widespread reliance on government funds can act as a barrier to organisational planning, with many organisations subject to funding arrangements that do not guarantee recurrent or ongoing funding. This limits organisational capacity to plan adequately for the future, especially in terms of service provision and staffing. The following figures show respondents who agreed with the statement that funding arrangements did not allow adequate planning for organisational futures. These data are broken down by level of government funding and organisational size in Figure 5.7, which shows that medium organisations especially are impacted by the inability to plan for the future.

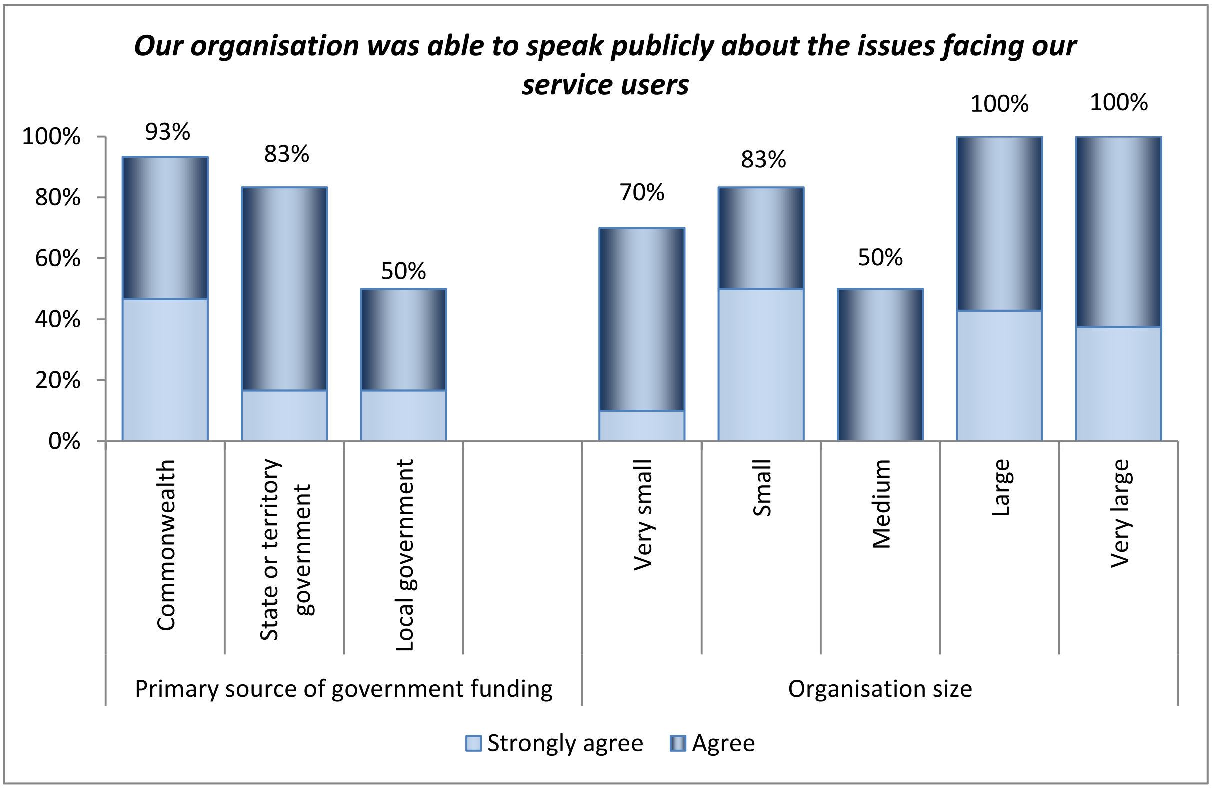
Figure 5.7 Impact of funding arrangements on ability to future plan



5.3.5 Advocacy

Many organisations whose primary role is to deliver services to disadvantaged people often develop policy responses to gaps and unintended or perverse outcomes and to address the structural causes of disadvantage and lack of opportunity. In this way advocacy is of fundamental importance to the work of the community services and welfare sector. However the extent to which community services rely on government funding is sometimes considered a barrier to advocacy, based on the fear that organisations who speak out against certain policies or programs may jeopardise their funding. The following figures do not support this concern, showing that respondents largely agreed that their organisations were able to speak publicly about the issues facing services users by source of funding and organisational size, and by sub-sector.

Figure 5.8 Ability to speak publicly about the issues facing our service users

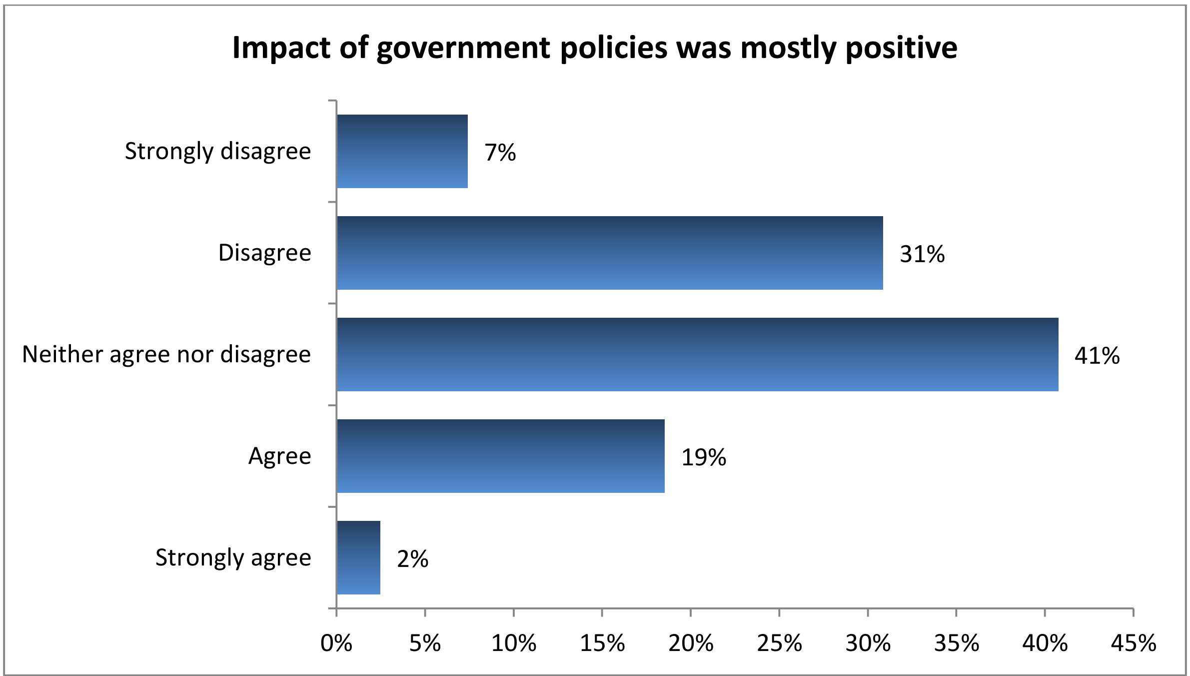


5.4 Government policy and programs

Government funders have an obligation to ensure that services delivered by welfare and community organisations are of a high quality and are a cost effective use of public funds. To that extent the policy or programmatic context in which services are delivered can have a significant impact on community organisations. Additional policy impacts can range from macro or high-level policy contexts such as the Federal participation agenda, through to minute or detailed issues about contracting policy.

The following figures show that the majority of respondents remained relatively neutral about the impact of government policies across differing levels of government.

Figure 5.9 Assessment of federal, state/territory and local government policies and programs affecting organisations



5.5 Tax status

Australian governments provide a range of tax concessions to eligible NFP organisations. These tax concessions depend on the purposes and activities of specific organisations, in addition to how the Australian Taxation Office and State Government entities interpret the laws governing charities and related organisations.

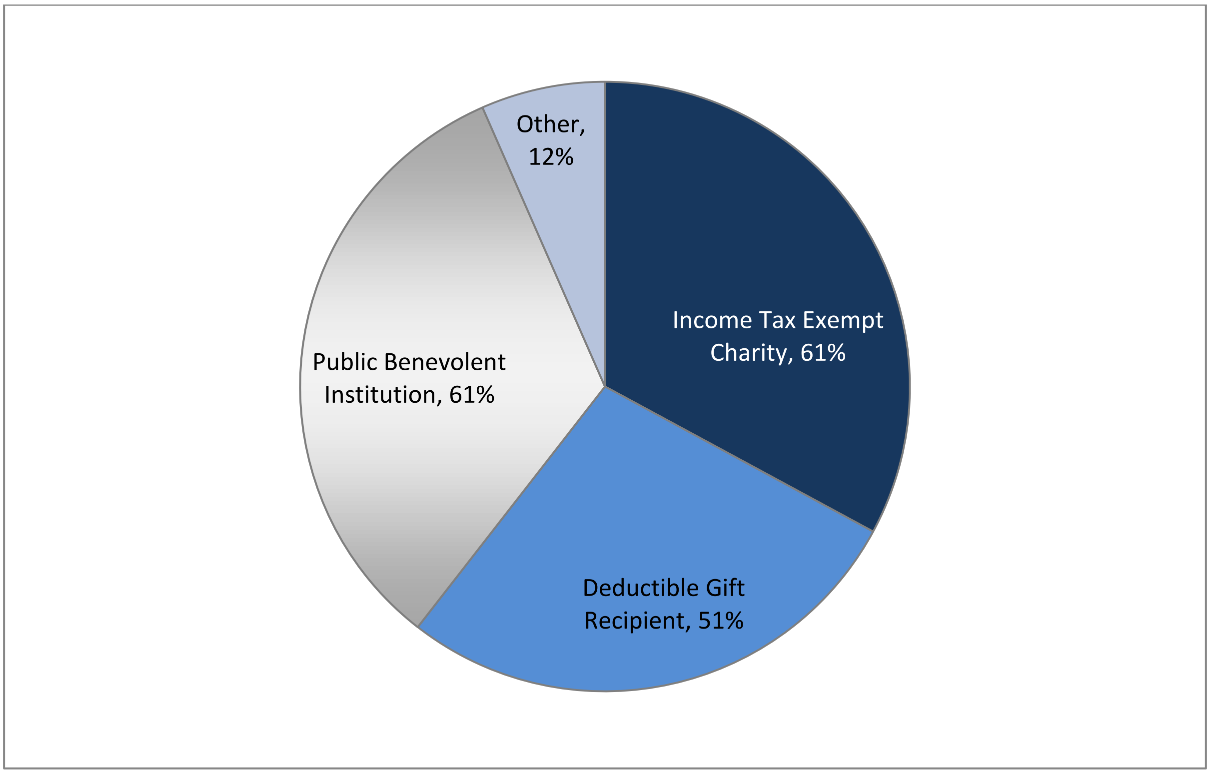
The tax status of organisations has a number of implications in terms of both income and expenditure. Status as a Public Benevolent Institution (PBI) attracts particularly generous concessions, including exemptions from Fringe Benefits Tax (FBT). Status as a Deductible

Gift Recipient (DGR) not only makes gifting to these organisations attractive, but is a pre-condition for funding by most philanthropic bodies.

Survey respondents were asked to indicate if they were an Income Tax Exempt Charity (ITEC), Deductible Gift Recipient (DGR), Public Benevolent Institution (PBI) or any combination of these.

Most respondents indicated that they had at least two of either ITEC, DGR or PBI tax status, with only 12% having neither ITEC, DGR or PBI status. (This explains why the percentages in the following figure add up to over 100%.)

Figure 5.10 Tax status



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