

# Strengthening the state

A snapshot of  
Victoria's community  
sector charities



## About VCOSS

The Victorian Council of Social Service (VCOSS) is the peak body of the social and community sector 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 charities, sector peak organisations, small community services, advocacy groups and individuals involved in social policy debates.

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VCOSS respectfully acknowledges the traditional owners of country throughout Victoria and recognises their continuing connection to the land, waters and community.

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# Contents

<b>Executive summary</b> .....	2
<b>Defining the community sector</b> .....	4
<i>Figure 1: Definitions of the community sector</i> .....	4
<b>Data and methodology</b> .....	6
<i>Figure 2: Victorian 2012–13 ACNC Annual Information Statement (AIS) dataset</i> .....	7
<b>A snapshot of Victoria’s community sector charities</b> .....	10
<b>Income and size</b> .....	10
<i>Figure 3: Community sector charities by size, Victoria</i> .....	10
<b>Employment</b> .....	10
<i>Figure 4: Victorian community services charities sector – Number of paid workers</i> .....	10
<b>Volunteers</b> .....	15
<i>Figure 5: Victorian community sector charities paid worker and volunteer numbers</i> .....	15
<i>Figure 6: Paid workers and unpaid volunteers at Victorian community sector charities</i> .....	15
<b>Beneficiary groups</b> .....	19
<i>Figure 7: Beneficiary groups of charities</i> .....	19
<b>Reporting obligations</b> .....	20
<i>Figure 8: Time spent on reporting obligations in the last 12 months</i> .....	21
<b>Summary and discussion</b> .....	22
<i>Figure 9: Relative growth in employment between 2000 and 2014 – Australia</i> .....	23



## Executive summary

Victoria's community sector organisations make a significant contribution to strengthening the state's economy and society. They generate high levels of economic activity, employment and volunteer support. They deliver positive service and advocacy programs that help people overcome disadvantage and build brighter futures. Through doing this, they help build strong, cohesive self-reliant communities.

This report aims to provide a snapshot of community sector organisations operating as registered charities in Victoria. These charities form a sizeable part of the Victorian community sector, aiming primarily to support people to overcome disadvantage and poverty.

This report is the first snapshot of Victoria's registered community sector charities and is made possible through the release of data from the Australian Charities and Not-for-profits Commission (ACNC) Annual Information Statements (AIS) for the 2012–13 financial year.

Key findings of this report include that, at the close of the 2012–13 financial year:

- There were 2,672 community sector charities operating in Victoria.
- Community sector charities employed almost 97,000 Victorians, equating to more than 3% of the Victorian workforce and employing more people than some other key industries, including the electricity, gas, water and waste services (34,900), rental, hiring and real estate services (47,300), information, media and telecommunications (64,000), arts and recreation services (69,600) and agriculture, forestry and fishing (82,200) industries.
- With Victoria's unemployment and youth unemployment rates at their highest levels in decades, it is important to recognise the community sector as a key employer and crucial to tackling unemployment in this state.
- Approximately \$13 billion in income was generated by Victorian community sector charities. In future years the ACNC is set to collect financial data in its AIS, which will enable a closer estimate to be made.
- The value of community sector charities to Victoria's society and economy is leveraged further by a significant volunteer workforce. Almost 135,000 people were volunteering through community sector charities, on top of the contribution of almost 97,000 paid workers in the sector.
- Some sub-sectors of the Victorian charities community sector were almost completely reliant on volunteers to deliver services.
- The majority of community sector charities support multiple beneficiary groups, reflecting the diversity of multiple and complex needs within the community.
- The full reporting burden on Victorian community sector charities is difficult to assess from the data analysed in this report, and warrants further research. VCOSS advocates that reporting obligation data become mandatory in future AIS reporting, to enable a complete picture of the burden of reporting obligations to be obtained.

Overall these findings reinforce VCOSS' knowledge that the community sector is a unique, valuable and diverse component of the Victorian economy and society.

The analysis in this report is acknowledged by VCOSS as an underrepresentation of the entire Victorian community sector, as there are many community sector organisations that work to help people overcome disadvantage and poverty that are not registered charities. The percentage of the community sector that operates as registered charities is unknown, so it is also difficult to extrapolate a true snapshot of the entire Victorian community sector, and its contribution to the state. However VCOSS believes that in the absence of fuller data being available on the Victorian community sector as a whole, this snapshot of these charities provides a useful indication of the work of the community sector as a whole.

In September 2014 the ACNC also published its first national report on registered charities, *Australian Charities 2013*<sup>1</sup>, using nationwide AIS data. Some key findings from this report were:

- Australian charities have a combined total income of nearly \$100 billion
- More than 919,000 people are employed by the charitable sector, equating to 8% of Australia's workforce
- More than 2 million volunteers support registered charities, with 44% of charities relying solely on volunteers
- 10% of charities in Australia account for 90% of the sector's full-time jobs, 85% of its part-time jobs and 76% of its volunteers.

The Productivity Commission also noted in its 2010 report, *Contribution of the Not-for-Profit Sector*, that "the level of understanding among the wider community of the sector's role and contribution is poor and deserves attention".<sup>2</sup> It found that:

- The community sector faces increasing workforce pressures and long-term planning is required to address future workforce needs.

- For not-for-profits, less than full cost funding of many services has resulted in substantial wage gaps for staff. The challenges of retaining staff threaten the sustainability and quality of services. Greater clarity about funding commitments is an important step in addressing these issues.
- Volunteers play a critical role in delivering not-for-profit services, but rising costs are affecting the viability of their engagement.

Alongside these findings, this report, '*Strengthening the state: A snapshot of Victoria's community sector charities*', further demonstrate the community sector is an important contributor to the Victorian economy and society.

The sector leverages its funding through the contribution of significant numbers of paid workers and unpaid volunteers.

Overall these findings reinforce VCOSS' knowledge that the community sector is a unique, valuable and diverse component of the Victorian economy and society. Through its significant employment and volunteer levels, its diversity, the range of service and advocacy programs it delivers to help people overcome disadvantage and poverty, and the wide range of people it supports, it delivers a value to Victoria and strengthens the state in a manner unlike that of any other sector.

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1 P.A Knight and D. J Gilchrist, *Australian Charities 2013: The First Report on Charities Registered with the Australian Charities and Not-for-profits Commission*, Report for the Australian Charities and Not-for-profits Commission, Melbourne, 2014.

2 Productivity Commission, *Contribution of the Not-for-Profit Sector*, Research Report, Canberra, 2010, p. 23.



# Defining the community sector

The community sector is made up of a wide range of community-based, not-for-profit organisations. Some, but not all of these, are also registered as charities with the Australian Charities and Not-for-profit Commission (ACNC).

There are a range of definitions that are applied at different times to the community sector. These can expand or contract the concept of the sector's size, scope and purpose. Some of these definitions include those in Figure 1.

**Figure 1: Definitions of the community sector**

<b>Community service organisation</b>	Society, association or club established for community service purposes (except political or lobbying purposes) that is not carried on for the purpose of profit or gain to its individual members (s. 50-10 of the Income Tax Assessment Act 1997 (Cth)). <sup>3</sup>
	Not-for-profit organisations or social enterprises, ranging from major non-government organisations to small grass roots charities. All perform activities aimed at improving the lives of Victorians, particularly those who are disadvantaged or vulnerable. <sup>4</sup>
<b>Community services</b>	The sub-set of human services that involve a range of services that provide: relief of poverty, social disadvantage, social distress and hardship; the provision of emergency relief or support; and the advancement of disadvantaged groups. <sup>5</sup>
<b>Community-based services</b>	A sub-set of not-for-profit activities that are organised by the community and benefit the community through enhancing their participation in non-human service areas such as the arts, sport, recreation and environment. <sup>6</sup>

<sup>3</sup> Productivity Commission, *Contribution of the Not-for-Profit Sector*, Research Report, Canberra, 2010, p. 23.

<sup>4</sup> P Shergold, *Towards a more effective and sustainable community services system*, Victorian Government, Melbourne.

<sup>5</sup> Productivity Commission, *Contribution of the Not-for-Profit Sector*, Research Report, Canberra, 2010.

<sup>6</sup> Ibid.

This report focuses on providing a snapshot of the community sector that VCOSS generally works with. That is the portion of the community sector aimed primarily at supporting people to overcome disadvantage and poverty.

VCOSS is the peak body of the social and community services sector in Victoria, pursuing just and fair social outcomes through policy development and public and private advocacy. VCOSS works alongside a wide range of community sector organisations that support people to overcome disadvantage and poverty and become part of resilient, cohesive communities.

The range of community sector organisations VCOSS works with may be seen as narrower than that covered by some of the definitions of the community sector given in Table 1. Under some of these definitions, organisations such as hospitals, schools, arts and environment organisations are also part of the community sector. There are a range of these types of not-for-profit organisations registered as charities with the ACNC. They play a valuable role in building cohesive communities, however are not aimed primarily at helping people to overcome disadvantage and poverty. As such they do not usually fall within the range of organisations VCOSS generally works with as a community sector peak body.

This report focuses on providing a snapshot of the community sector that VCOSS generally works with. That is the portion of the community sector aimed primarily at supporting people to overcome disadvantage and poverty. Throughout this report, the term 'community sector charities' is used to describe the segment of charities deemed to operate as part of the community sector VCOSS works with, which is the broad range of community sector organisations that primarily aim to help people overcome disadvantage and poverty.

Further, there are a wide range of community sector organisations operating in Victoria that are not registered charities. This means that the set of community sector charities reflected in this report is not a full representation of the Victorian community sector. The proportion of the community sector operating as registered charities is unknown. Therefore it is not possible to extrapolate data from this report to accurately and fully represent the entire Victorian community sector. As such, the data presented in this report is acknowledged as an indication only, and an underrepresentation of, the full Victorian community sector and its contribution to Victoria's economy and society.



## Data and methodology

The data used for this report were collected by the Australian Charities and Not-for-profit Commission (ACNC) through its role as regulator of Australian charities. Approximately 60,000 charities across Australia are registered with the ACNC.

ACNC registered charities are a type of organisation defined for Commonwealth purposes by the *Charities Act 2013* (Cth). This Act states that a charity must be a not-for-profit organisation and have only charitable purposes that are for the public benefit, and that they must not pursue disqualifying purposes. Charities are required to submit an Annual Information Statement (AIS) to the ACNC within six months of the end of each financial year.

The 2012–13 ACNC AIS data analysed in this report was published by and sourced from [www.data.gov.au](http://www.data.gov.au). Datasets on [www.data.gov.au](http://www.data.gov.au) are updated fortnightly. Data used in this report were downloaded on 24 November 2014.

The AIS data collection methods and accuracy are outlined extensively in the *Australian Charities 2013* report.<sup>7</sup> *Strengthening the State* is not designed to replicate the *Australian Charities 2013* report in its entirety; rather it is designed to provide an indication of the Victorian community sector's contribution to the state's economy and society through providing a snapshot of community sector charities.

The ACNC data is collected from a broader range of not-for-profit charity organisations than VCOSS generally works closely alongside. This broader range includes registered charities such as schools, hospitals, arts and environment organisations, and also, organisations based and operating interstate.

Therefore, to use these data to demonstrate the value of the Victorian community sector that VCOSS generally works alongside, various parameters were applied to create a subset of data from the AIS data for this report.

Firstly, only the activities of organisations that are based and operate in Victoria were included in this report. Secondly, the Productivity Commission 2010 definition of “community services” (see Figure 1) was applied to the ‘main activity’ nominated by organisations in their AIS reports. This was felt to fairly reflect the activities of the general constituency of community sector organisation VCOSS works alongside.

Therefore, the data of Victorian-based and operating organisations whose main activity fell within this definition of ‘community services’ (i.e. relief of poverty, social disadvantage, social distress and hardship; the provision of emergency relief or support; and the advancement of disadvantaged groups) are reflected in this report. Throughout this report, these organisations are referred to as “community sector charities” and as being part of “the community sector”.

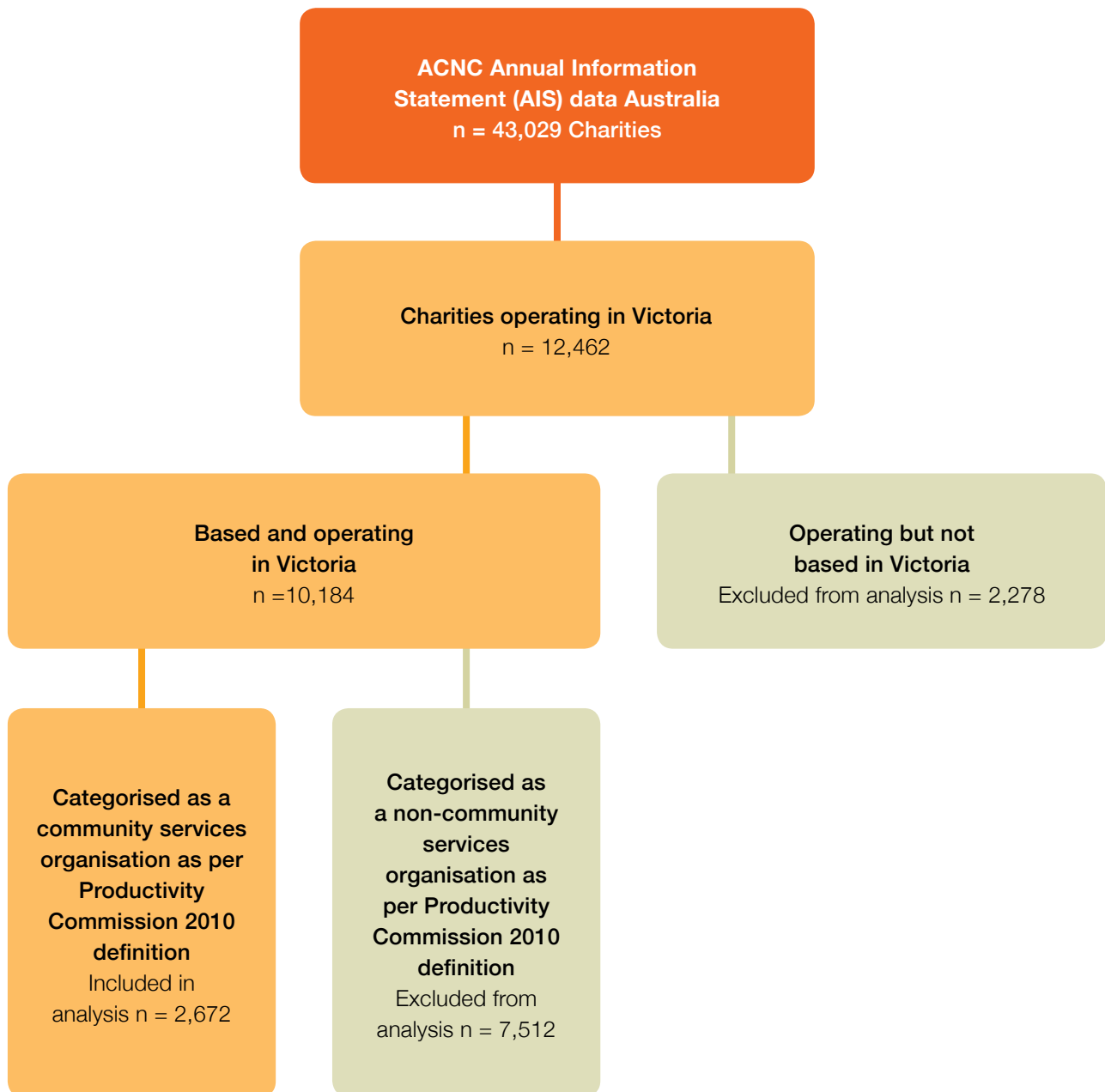
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7 P Knight and D Gilchrist, Curtin University, *Australian Charities 2013*, Australian Charities and Not-for-profits Commission, 24 September 2014.



Figure 2 shows the methodology used to form the Victorian community sector data subset analysed for this report.

**Figure 2: Victorian 2012–13 ACNC Annual Information Statement (AIS) dataset**



As shown, there were 2,278 charities operating but not based in Victoria that were excluded from this report. This was to ensure organisations that work across several states and territories were not captured in the analysis, so as not to overstate or inflate the reporting of the breadth of not-for-profit charities in Victoria.

The types of charities categorised as community sector charities for this report are further outlined in Table 1. As charities self-selected their main activity in their AIS, there were a number of anomalies detected in the data. For example there were neighbourhood houses represented in a number of main activity categories. It is also feasible that there are some organisations that may not have met the definition of community services used for this report, but are included in this community sector cohort. However, given the number of charities that were excluded because they did not specify their main activity or listed 'other' as their main activity (see Table 2), VCOSS submits that the cohort analysed in this report remains likely to be an underrepresentation of the true number of community sector charities based and operating in Victoria. VCOSS is keen to work with the ACNC in the future to ensure consistent categorisation of main activity for future data analysis.

**Table 1: Types of charities categorised as community sector charities for this report**

Main activity as specified in the AIS	Number of charities	Types of charities represented in the ACNC data
Aged care activities	226	Residential aged care, meals on wheels, community care, hostels
Civic and advocacy activities	66	Peak and advocacy organisations for disability, women's health, child abuse and neglect, culturally and linguistically diverse groups
Economic, social and community development	359	Neighbourhood houses, Aboriginal controlled organisations, youth services, men's sheds
Emergency relief	317	Emergency relief services, State Emergency Services, neighbourhood houses
Employment and training	111	Adult education, youth services, Local Learning and Employment Networks, neighbourhood houses, employment services
Housing activities	123	Community housing, housing co-operatives, housing support groups
Income support and maintenance	25	Trusts/foundations/information and support centres
International activities	47	Aid organisations
Law and legal activities	36	Community legal centres
Mental health and crisis intervention	65	Mental health, crisis support, drug and alcohol services
Other education	790	Kindergartens, early childhood services, U3A
Other health service delivery	264	Community health, Aboriginal health co-operatives, women's health services
Social Services	243	Family services, foster care, community support, sexual assault services, disability services, services for culturally and linguistically diverse communities, family violence services, GLBTI services
<b>Total</b>	<b>2,672</b>	

Types of charities excluded from this report on the grounds they do not fit the community services definition applied for the purposes of this report are outlined in Table 2. These charities meet other community sector definitions provided in Figure 1. While they play a valuable role in building community cohesion, they fall outside the range of community sector organisations VCOSS generally works alongside as a community sector peak body, as their primary purpose is not seen to be supporting people to overcome disadvantage and poverty.

**Table 2: Charities categorised as non-community sector charities and not included in this report**

Main activity as specified in the AIS	No. of charities	Types of charities represented in the ACNC data
Religious activities	2,351	Churches and religious congregations
Grant-making activities	893	Foundations, philanthropic charities
Primary and secondary education	707	Independent and faith-based primary and secondary schools
Other	702 <sup>#</sup>	Various
Culture and arts	384	Arts charities, festivals, theatre companies, art galleries, historical societies
Environmental activities	152	Environment charities
Higher education	139	Community colleges, universities, U3A, foundations
Other recreation and social club activity	107	Surf lifesaving, RSLs, community radio
Research	100	Research institutions
Hospital services and rehabilitation activities	68	Hospital and health foundations and fundraising
Animal protection	60	Animal rescue and protection
Sports	31	Lifesaving, sports charities
Political activities	1	Migration council
Not answered	1,817 <sup>#</sup>	Various
<b>Total</b>	<b>7,512</b>	

# Charities who listed “other” as their main activity or did not answer the question were excluded from this report, although it is possible they would meet the definition of ‘community sector charities’ used in this report, potentially therefore creating a further underrepresentation of the charities community sector in this report.

The total number of community sector charities included for analysis in this report (2,672) is likely to be an underrepresentation of the Victorian community sector that supports people to overcome disadvantage and poverty. This is because not all community sector organisations are registered as charities and because there may be many registered charities that were excluded from this report because they did not specify their main activity in their AIS.

This report therefore provides a useful indication of the Victorian community sector and its contribution to the state’s society and economy, but it should also be viewed as an underrepresentation of the true extent of this contribution.



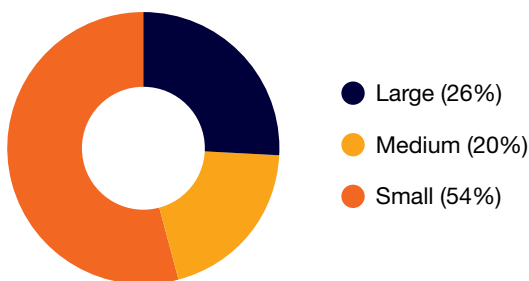
# A snapshot of Victoria's community sector charities

## Income and size

According to ACNC AIS data, there were 2,672 community sector charities operating in Victoria at November 2014.

As shown in Figure 3, the majority of these (54 per cent, 1,432 charities) classified themselves as small charities (incomes with annual revenue of less than \$250,000). Twenty per cent (527) classified themselves as medium-size (\$250,000 to \$1 million), and 26 per cent (699) classified themselves as large (revenue greater than \$1 million). Organisation size was not reported by 14 charities.

**Figure 3: Community sector charities by size, Victoria (n=2,672)**



## Employment

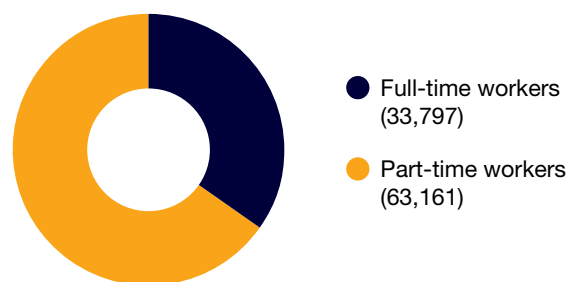
The *Australian Charities 2013* report revealed that the entire registered charities sector makes up nearly one tenth of Australia's overall employment. The data in this report also show the significant contribution of community sector charities to Victoria's employment

## Total numbers of paid workers

Analysis of the ACNC AIS data for this report shows that at November 2014 Victorian community sector charities employed 96,958 people. This is more than Victoria's mining sector (9,300), electricity, gas, water and waste services (34,900), rental, hiring and real estate services (47,300), information, media and telecommunications (64,000), arts and recreation services (69,600) and agriculture, forestry and fishing (82,200).<sup>8</sup> As a further comparison, Victoria's automotive manufacturing sector employs about 25,000 people.<sup>9</sup>

Of the total number of people employed by the Victorian community services charities sector, 33,797 were full-time workers and 63,161 were part-time workers. Part-time workers made up almost two thirds (65 per cent) of the sector's paid workforce (see Figure 4).

**Figure 4: Victorian community services charities sector – Number of paid workers (Total = 96,958)**



<sup>8</sup> Australian Bureau of Statistics, *Labour Force, Australia*, Detailed, Quarterly, 6291.0.55.003, November 2014.

<sup>9</sup> <http://www.liveinvictoria.vic.gov.au/working-and-employment/victorian-industries/automotive#.VQu9ffmUdig>

### Paid workers by size of charity

Table 3 shows the total number of workers in the sector by charity size and number of paid workers. The vast majority were employed by large charities (with annual revenue greater than \$1 million) despite large charities making up only about one quarter (26 per cent) of community sector charities in the state. These large charities employed almost 95 per cent of paid workers in the sector, with 699 large charities employing 88,938 paid workers, comprising 32,066 full-time workers and 56,872 part-time workers.

This compared with 527 medium-size charities, employing 4,955 paid workers, comprising 1,114 full-time and 3,841 part-time workers; and 1,432 small charities, employing 2,943 paid workers, comprising 570 full-time and 2,373 part-time workers.

**Table 3: Paid workers by size of charity**

Charity size	Number of charities	Number of total paid full-time workers	Number of total paid part-time workers	Total number of paid workers
Small	1,432	570	2,373	2,943
Medium	527	1,114	3,841	4,955
Large	699	32,066	56,872	88,938
Size not reported	14	47	75	122
Total	2,672	33,797	63,161	96,958

### Number of paid workers per charity

It is more common for community sector charities to employ small numbers of full-time workers than large numbers, as shown in Table 4. A significant number of charities did not report their number of paid workers in their AIS.

**Table 4: Number of paid workers per charity**

Number of full-time workers	Number of charities	Number of part-time workers	Number of charities
0	750	0	533
1–4	604	1–4	646
5–19	322	5–19	621
20–49	142	20–49	178
50–99	90	50–99	119
100–199	48	100–199	82
200–499	23	200–499	39
500–999	5	500–999	12
1000 +	1	1000 +	7
Not reported	687	Not reported	435
<b>Total</b>	<b>2,672</b>	<b>Total</b>	<b>2,672</b>

More than a quarter of charities (28 per cent, 750 charities) did not employ any full-time workers. The next most common numbers of paid full-time workers for charities to employ was 1–4 (23 per cent, 604 charities) and 5–19 (12 per cent, 322 charities). Combining these two categories, just over one third (35 per cent) of all community sector charities employed between 1–19 full-time paid workers, making this the most common employment bracket for full-time workers. The numbers of charities hiring more full-time workers steadily declines through each size bracket.

One charity employed more than 1000 full-time paid workers, and five employed 500–999 full-time workers.

The two largest community sector charity employers of full-time paid workers were:

- The Trustee For The Salvation Army (Vic) Social Work (1,592 full-time paid workers)
- Berry Street Victoria Incorporated (983 full-time paid workers)

There were also 533 Victorian community sector charities (20 per cent) that did not employ any part-time paid workers (see Table 4). Almost a quarter (24 per cent, 646 charities) employed 1–4 part-time paid workers and almost a quarter (23 per cent, 621 charities) employed 4–19 part-time paid workers. Combining these two categories, almost half (47 per cent) of all community sector charities employed between 1–19 part-time paid workers.

After this, the numbers of charities employing more part-time workers declines, with just 7 per cent (178 charities) employing 20–49 paid part-time workers. The numbers of charities hiring more part-time workers steadily declines through each size bracket.

Seven charities employed more than 1,000 paid part-time workers, compared to the single charity that employed more than 1,000 paid full-time workers.

The two largest community sector charity employers of part-time paid workers were:

- The Trustee For Australian Home Care Services Unit Trust (2,750 part-time paid workers)
- Yooralla (1,668 part-time paid workers)

### Number of paid workers per charity type

Table 5 shows the breakdown of full-time workers employed across the sector in terms of the charities' nominated main activity in their AIS.

This shows the greatest numbers of full-time paid workers were employed by charities whose main activity was nominated as social services (8,238 workers) followed by other education (5,489 workers) and employment and training (5,158 workers).

**Table 5: Number of paid full-time workers by charity main activity**

Main activity	Total number of full-time paid workers	Average number of full-time paid staff per charity
Social Services	8,238	33.9
Other education	5,489	6.9
Employment and training	5,158	46.5
Other health service delivery	4,800	18.2
Aged care activities	3,388	15
Mental health and crisis intervention	952	14.6
Economic, social and community development	2,325	6.5
Emergency relief	803	2.5
Law and legal activities	683	18.9
Housing activities	664	5.4
International activities	459	9.8
Civic and advocacy activities	190	2.9
Income support and maintenance	0	0
<b>Total</b>	<b>33,149</b>	<b>14 (average total)</b>

Table 6 shows the breakdown of part-time workers employed across the sector in terms of the charities' nominated main activity in their AIS. The greatest numbers of part-time paid workers were employed in aged care activities (20,433 workers), followed by social services (12,497 workers) and other health service delivery (12,009 workers).

**Table 6: Number of paid part-time workers by charity main activity**

Main activity	Total number of part-time paid workers	Average number of part-time paid workers per charity
Aged care activities	20,433	90.4
Social Services	12,497	51.4
Other health service delivery	12,009	45.5
Other education	7,643	9.7
Economic, social and community development	3,840	10.7
Employment and training	2,659	23.9
Mental health and crisis intervention	778	11.9
Emergency relief	682	2.1
Housing activities	420	3.4
International activities	322	6.9
Law and legal activities	144	4
Civic and advocacy activities	192	2.9
Income support and maintenance	2	.08
<b>Total</b>	<b>61,621</b>	<b>20 (average total)</b>



## Volunteers

The vast majority of Victorian community sector charities (2,171, 81.3 per cent) are supported by unpaid volunteer workers (see Table 9). Combined, these charities had an unpaid volunteer workforce of 134,821 people.

There are more volunteers than paid workers in the Victorian community sector charities, with 134,821 volunteers, compared to 96,958 paid workers, as shown in Figure 5.

**Figure 5: Victorian community sector charities paid worker and volunteer numbers**

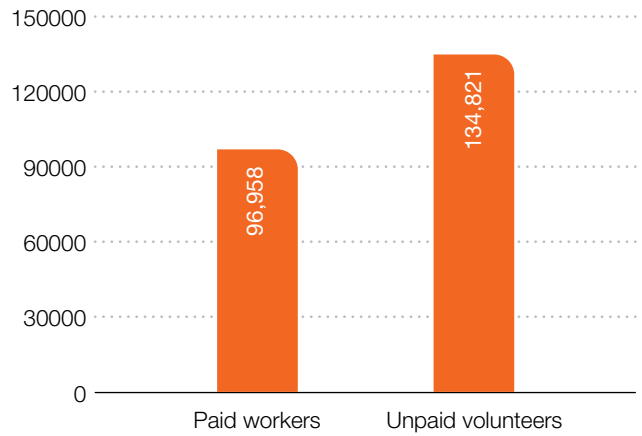
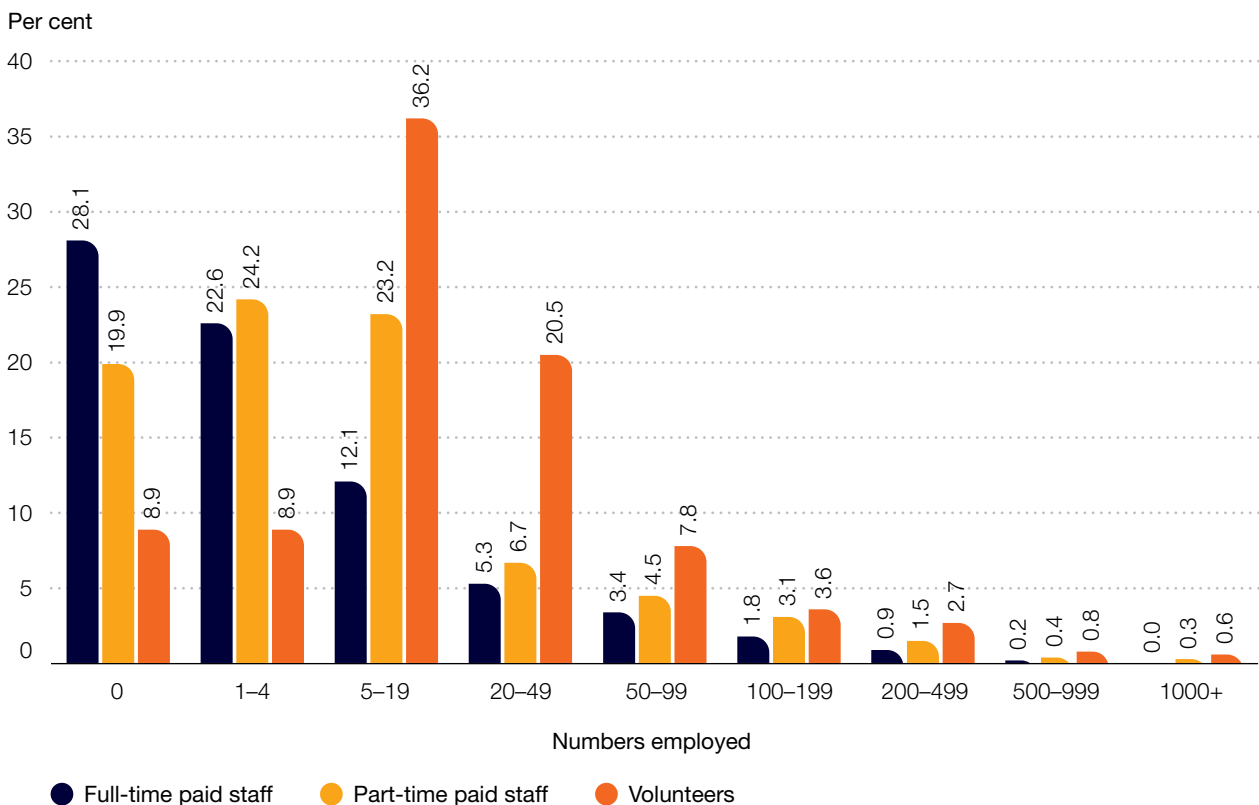


Figure 6 compares the level at which charities are supported by paid workers and unpaid volunteers.

This data shows that while there are relatively high proportions of charities that do not employ full-time workers (28.1 per cent) or part-time workers (19.9 per cent), only 8.9 per cent of community sector charities are not supported by volunteers. This means the vast majority (91.1 per cent) of Victoria's community sector charities are supported by volunteers. More than a third (36.2 per cent) of charities were supported by 5–19 volunteers, and another 36 per cent were supported by 20 or more volunteers.

**Figure 6: Paid workers and unpaid volunteers at Victorian community sector charities**



### Volunteer numbers by charity size

Table 7 also shows that, as with their levels of paid workers, large charities have the largest volunteer workforce, with a total of 83,676 volunteers working at large charities across the state. This is about 62 per cent of the total volunteer workforce across all Victorian community sector charities. However medium-size and small charities were also supported by considerable numbers of volunteers. Almost 530 medium-size charities were supported by a total of 17,711 unpaid volunteers (13 per cent of all volunteers). About 1,400 small charities were supported by a total of 33,196 volunteers (25 per cent of all volunteers).

**Table 7: Volunteer numbers by charity size**

Charity size	Number of charities	Number of charities supported by volunteers	% of charities in size category supported by volunteers	Number of volunteers across size category	% of all volunteers across sector by charity size category
Small	1,432	1,259	87.9	33,196	24.7
Medium	527	414	78.6	17,711	13.2
Large	699	486	69.5	83,676	62.3
Size not reported	14	12	85.7	238	238
<b>Total</b>	<b>2,672</b>	<b>2171</b>	<b>81.3</b>	<b>134,821</b>	<b>100.3*</b>

\* includes rounding errors

The two community sector charities supported by the largest number of volunteers were:

- The Trustee For The Salvation Army (Vic) Social Work (7,817)
- St Vincent de Paul Society Victoria Inc (6,500).

### Volunteer numbers by charity type

The largest numbers of volunteers were reported across charities whose main activity was social services (34,322), followed by other education (25,206), other health service delivery (17,229) and emergency relief (17,202) (see Table 8).

**Table 8: Volunteer numbers by main charity activity**

Main activity	Number of volunteers
Social services	34,322
Other education	25,206
Other health service delivery	17,229
Emergency relief	17,202
Economic, social and community development	11,291
Aged care activities	11,097
Employment and training	5,148
International activities	3,718
Civic and advocacy activities	3,169
Housing activities	2,587
Mental health and crisis intervention	1,824
Law and legal activities	1,585
Income support and maintenance	443
<b>Total</b>	<b>134,821</b>

As outlined in Table 9, the ACNC AIS data shows that community sector charities are heavily reliant on volunteers. For example:

- 96.9% of emergency relief charities were supported by volunteers, with almost half (49.2%) employing 20–99 volunteers
- 91.7% of law and legal services charities reported employing volunteers, with more than half (55.5%) employing 20–99 volunteers and 13.9% employing 100 or more volunteers
- 85.2% of social service charities employ volunteers, with almost half (45.7%) employing more than 20 volunteers
- 84.5% of mental health and crisis intervention charities employ volunteers, with more than a quarter employing between 20 and 99 volunteers.

These results show the remarkable contribution volunteers make towards the charities community sector and the services it provides, while also creating further benefits of social inclusion and capacity building for individuals and the community.

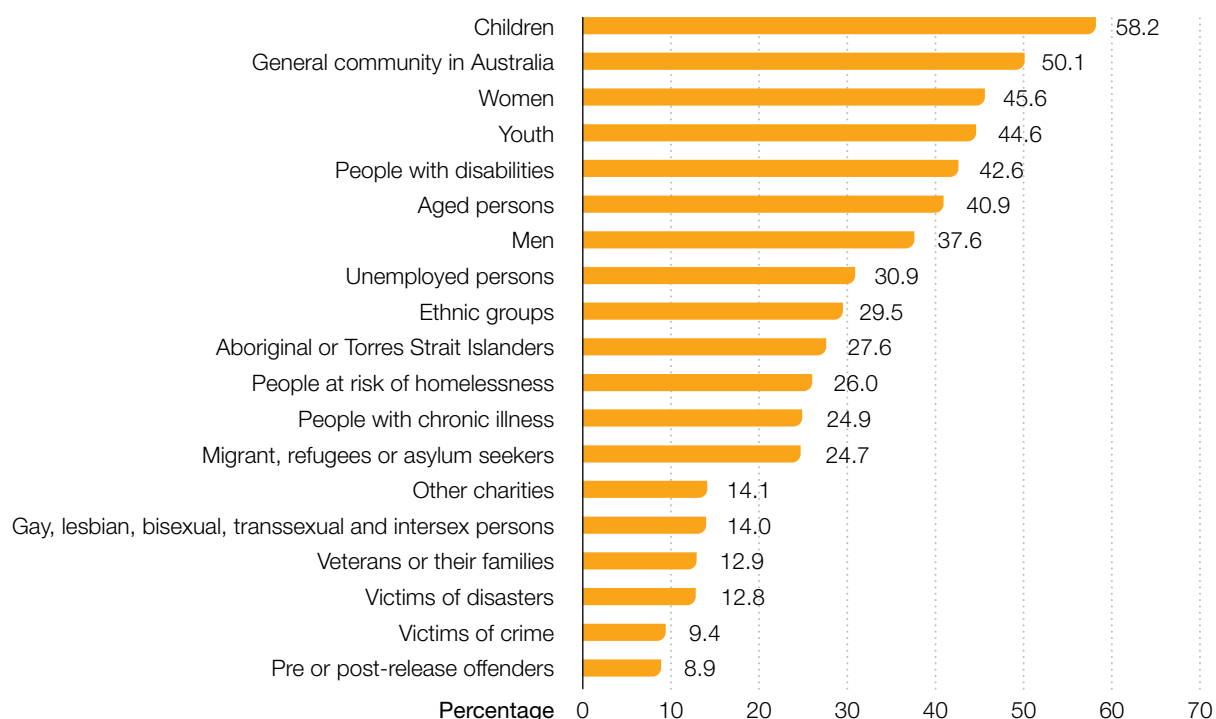
**Table 9: Volunteers per charity by main activity**

Main activity	Number of charities	% of charities with volunteers	% of charities with 1–19 volunteers	% of charities with 20–99 volunteers	% of charities with 100+ volunteers	% of charities with no volunteers or volunteers not reported
Emergency relief	317	96.9	40.1	49.2	7.6	3.1
Aged care activities	226	93.3	38.9	40.7	13.7	6.6
Law and legal services	36	91.7	22.3	55.5	13.9	8.4
International activities	47	91.5	66	19.1	6.4	8.5
Economic social and community development	359	89.8	53.2	32.1	4.5	10.3
Social services	243	85.2	39.5	28.4	17.3	14.8
Civic and advocacy activities	66	84.7	54.5	21.2	9	15.2
Mental health and crisis intervention	65	84.5	53.8	27.7	3	15.4
Income support and maintenance	25	84.0	60	24		16
Other Education	790	74.9	50.5	19	5.4	25.2
Other health service delivery	264	74.8	33.7	30.6	10.5	25
Employment and training	111	61.2	43.2	15.3	2.7	38.7
Housing activities	123	48.0	35.8	8.2	4	52.1

## Beneficiary groups

Charities could also nominate the main beneficiary groups of the programs and services they provide, in their AIS. Most charities recorded more than one beneficiary group of their programs and services. More than half reported children (58.2 per cent) or the general community (50.1 per cent) among their main beneficiary groups, as shown in Figure 7. Almost half cited women (45.6 per cent), or youth (44.6 per cent) as main beneficiary groups, followed by people with disabilities (42.6 per cent).

**Figure 7: Beneficiary groups of charities (n=2566)**



Less than a quarter (22 per cent) reported only one beneficiary group of their charity, while more than a third (34.5 per cent) reported two to five beneficiary groups, and 39.5 per cent reported more than six beneficiary groups (see Table 10). This indicates almost three quarters (74 per cent) of community sector charities support multiple beneficiary groups. As noted in *Australian Charities 2013*, many charities provide services to communities of people with related challenges or needs, such as unemployment, homelessness and those living with chronic needs.<sup>10</sup> These results show Victorian community sector charities deliver services to multiple population groups, reflecting the interrelated nature of providing community services that respond to multiple and complex needs of people within the community.

**Table 10: Beneficiary groups of community sector charities (n=2,672)**

Number of beneficiary groups	%	Number of charities
16 or more	3.9	103
10 to 15	16.4	439
6 to 9	19.2	513
2 to 5	34.5	923
1	22.0	588
Not specified	4.0	106

<sup>10</sup> Ibid., p. 34.

### Reporting obligations

In recent years there has been an increasing push by governments and other funders for greater accountability for not-for-profit organisations; however there have been concerns stated within the sector “that current requirements are not appropriate, impose compliance costs without commensurate benefits and are lacking any sense of proportion in regard to the size of the organisation or scale of the undertaking”<sup>11</sup>.

There were three optional questions included in AIS forms about charities’ reporting obligations to Commonwealth, state or territory governments. Reporting was defined as being obligations regarding fundraising or grant acquittals and other reporting activities over the 2012–13 financial year, but excluded the Australian Taxation Office or other state and territory regulators.<sup>12</sup>

The most commonly reported obligations for Victorian community sector charities were to the Commonwealth (618) or Victorian (1,048) governments (see Table 11).

**Table 11: Victorian community sector charities’ reporting obligations to states, territories or Commonwealth departments**

Reporting obligation	Number of Victorian charities
Commonwealth department or agency	618
ACT	29
NSW	62
NT	11
QLD	41
SA	38
TAS	19
VIC	1,048
WA	38

The AIS information helps build a picture of the impact of reporting obligations on charities.

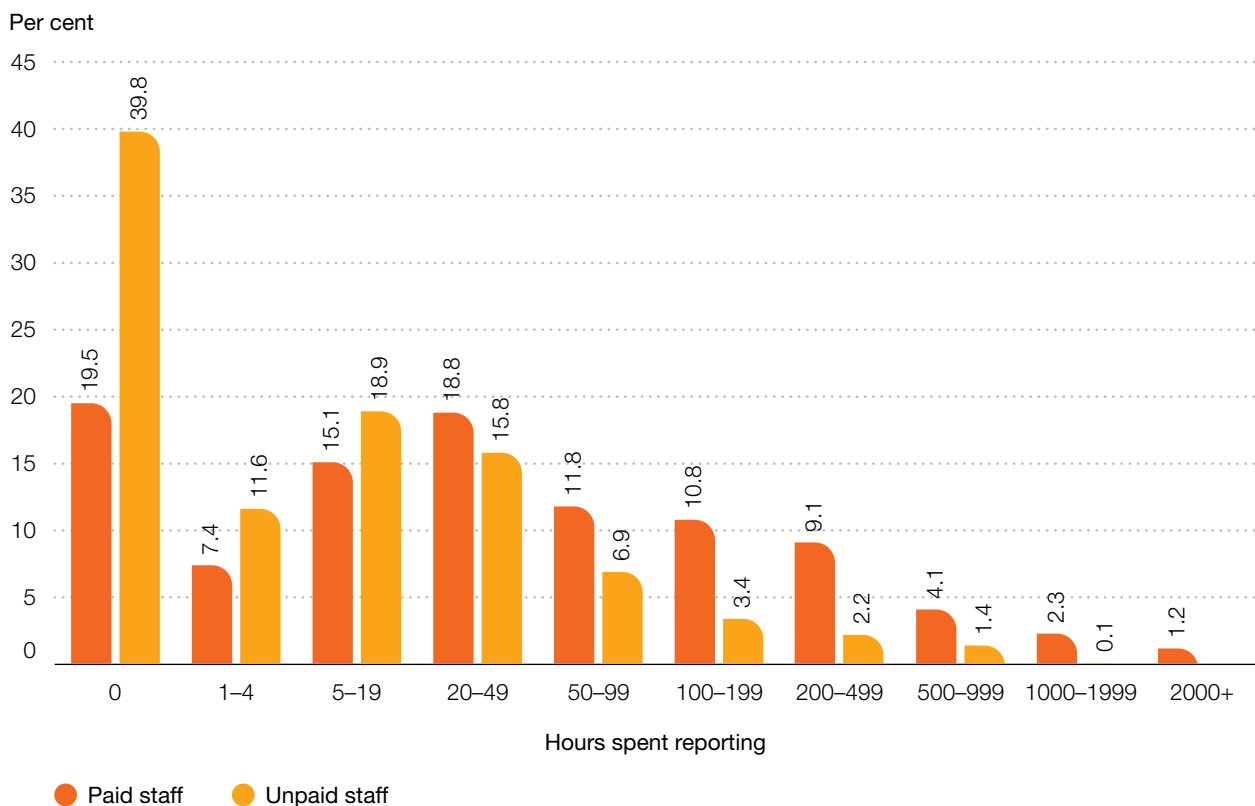
About one in five community sector charities (19.5 per cent) reported spending no paid hours in 2012–13 on reporting obligations to Commonwealth, state or territory departments or agencies (see Figure 8). Nearly a third of charities (30.6 per cent) spent 20–99 hours on reporting in the 2012–13 financial year, and over a quarter (27.5 per cent) spent more than 100 hours in paid staff time on reporting obligations.

Almost 40 per cent of charities also reported spending no volunteer hours on reporting obligations. However, 18.9 per cent of charities had volunteers spending between 5 and 19 hours on reporting in the 2012–13 financial year. Nearly a quarter of charities (22.7 per cent) had volunteers working between 20 and 99 hours on reporting in the financial year, and 7.1 per cent had volunteers spending more than 100 hours on reporting obligations in the financial year. This again shows the important contribution volunteers make to community sector charities.

11 Productivity Commission, 2010, Op. Cit., p. 30.

12 P. A Knight and D. J Gilchrist, 2014, Op. Cit., p. 40.

**Figure 8: Time spent on reporting obligations in the last 12 months**



It is also clear from the AIS data that larger Victorian charities spend longer hours, and more paid worker hours in meeting reporting obligations, with an average of 388 paid worker hours spent in the 2012–13 financial year (see Table 12). This compared with 154 average paid hours for medium-size charities and 25 hours for small charities.

Table 12 also shows the number of unpaid volunteer hours spent by charities of different sizes on reporting obligations. Large community sector charities spent an average of 23 volunteer hours on reporting in 2012–13. This compared with 46 average volunteer hours for medium-size charities and 42 hours for small charities.

**Table 12: Average paid and unpaid charity reporting hours**

Organisation size	Number of charities responding to this question	Average paid worker reporting obligation hours 2012–13	Number of charities responding to this question	Average unpaid volunteer reporting obligation hours 2012–13
Small	387	25	427	42
Medium	254	154	200	46
Large	379	388	246	23

Whilst not all organisations answered this question, the data does provide a useful snapshot of reporting obligations on charities. However, in the future it would be useful for this question to be a mandatory question, to help obtain a more complete picture of time spent on reporting obligations.



## Summary and discussion

This analysis of ACNC AIS data for Victorian community sector charities provides an indication of the contribution of the community sector to the Victorian society and economy. It does not provide a full picture of the extent of the sector's contribution, as there are many Victorian community sector organisations operating that are not registered charities. However in the absence of fuller data that does summate the full scope, size and purpose of the entire community sector, the data used in this report from the ACNC AIS returns available, can be considered to provide an indication, if an underrepresentation, of the community sector's contribution to Victoria.

This report shows there are 2,672 Victorian registered charities categorised as community sector charities, as per the definition used in this report. The majority of these (54 per cent, 1,432 charities) were classified as small charities (incomes with annual revenue of less than \$250,000). Twenty per cent (527 charities) were medium-sized charities with annual incomes greater than \$250,000, and more than a quarter (26 per cent) were classified as large, with annual incomes of more than \$1 million.

In research commissioned by the ACNC, using data from the Australian Taxation Office, it was estimated that for 20,316 charities there was \$99 billion income<sup>13</sup>, with this being qualified as an under-estimation. Applying this ratio to quantify the income value of community sector charities in Victoria, VCOSS estimates the sector contributes roughly \$13 billion to the Victorian economy. Reporting of financial data will be included in the 2013–14 and subsequent AIS returns, which will enable more accurate reporting of the community sector income into the future.

This report shows that Victorian community sector charities are significant employers in Victoria, with almost 100,000 people employed across full-time

and part-time work (96,958). This is greater than the number of people employed in some other key industries, including the electricity, gas, water and waste services (34,900), rental, hiring and real estate services (47,300), information, media and telecommunications (64,000), arts and recreation services (69,600) and agriculture, forestry and fishing (82,200) industries. Within the charities community sector, social services charities employ the largest number of people in full-time work (8,238) and aged care the highest number of people in part-time work (20,433).

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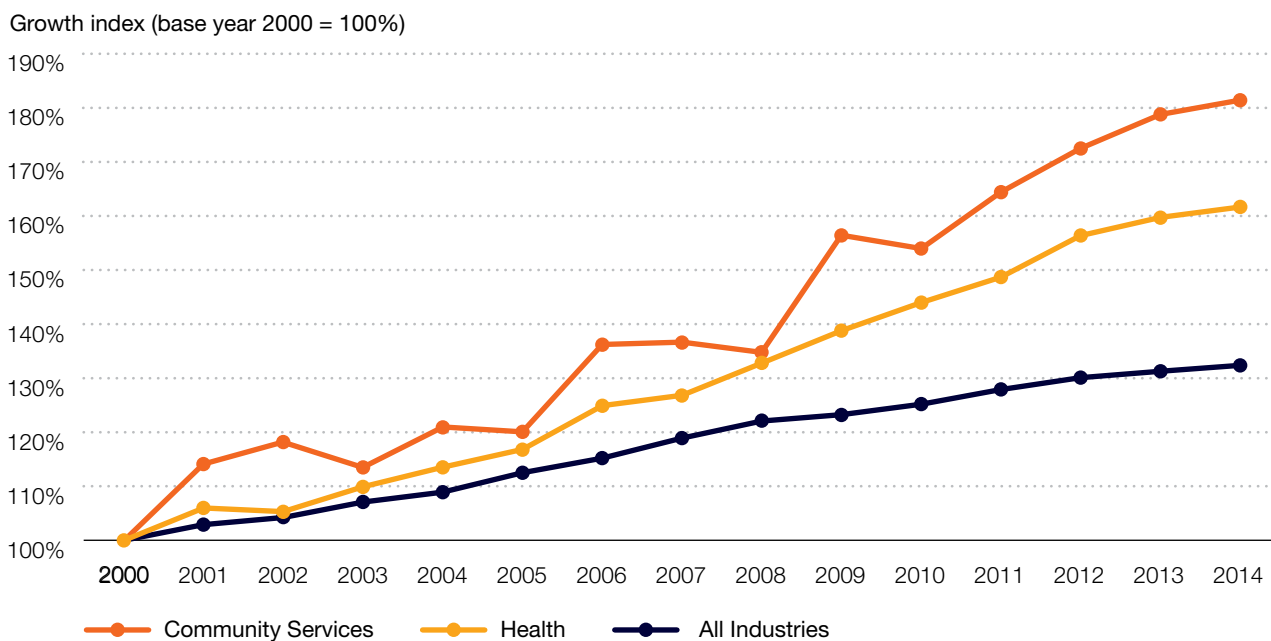
Just over one third (34.7 per cent) of community sector charities employ 1–19 people in paid full-time work and almost a half (47.4 per cent) employ 1–19 people in paid part-time work. The highest average number of people per charity employed in full-time work is in employment and training, with an average of 46.5 paid workers per charity, followed by social services, with an average of 33.9 paid workers per charity. Aged care services have the highest average number of people employed in paid part-time work, with 90.4 per charity, followed by social services with an average of 51.4 paid part-time workers per charity.

13 P.A Knight and D. J Gilchrist, *Australian Charities 2013: The First Report on Charities Registered with the Australian Charities and Not-for-profits Commission*, Report for the Australian Charities and Not-for-profits Commission, Melbourne, 2014.



The community sector is a large and growing employer of people in Victoria across both full-time and part-time work, and makes an important contribution to employment in the state. This growth is reflected in recent national employment growth figures (see Figure 9).

**Figure 9: Relative growth in employment between 2000 and 2014 – Australia**



Source: *Building a healthy future: Skills, planning and enterprise*, Community Services and Health Industry Skills Council, 2015, Figure 1, p. 12, using data from Australian Bureau of Statistics (2014b), *Detailed Labour Force Survey* Cat. No. 6291.0.55.003, accessed Dec 2014.

Notes:

1. Figure does not show actual growth, but shows relative growth in employment in relation to the numbers employed in 2000. Reference month for series is May, however only February data available for 2000.
2. Industry groupings were defined using ANZSIC sub-divisions. 'Health' includes Hospitals, Medical and Other Health Care Services. Community Services includes Residential Care Services and Social Assistance Services. The category Health Care and Social Assistance nfd (not further defined) was excluded from these calculations.

However, while demand for services is increasing because of an ageing population, significant demographic shifts and service users with increasingly complex and interconnected social problems, in recent years there have been government steps taken to reduce funding to the sector, which could potentially adversely affect employment and those facing poverty and disadvantage.

For example, in 2014 the federal government made a \$241 million cut to the Department of Social Services (DSS) over four years (incorporating a \$51 million cut to DSS in 2014–15). The Mid-year Economic and Fiscal Outlook (MYEFO) 2014 (released in November 2014) introduced a further \$30 million cut to the DSS. There is also a federal government freeze in place on the indexation of community sector funding. The impact of the federal government cuts to the community sector and to those who require services is yet to be quantified.

The contribution of the Victorian community sector charities is also significantly strengthened by the support of its volunteer workforce. There are 134,821 volunteers supporting community sector charities. When taken on top of the paid workforce (96,958), this more than doubles the number of people contributing through the sector to the Victorian society and economy.

In addition to economic benefits, volunteering also delivers wellbeing benefits to the people who volunteer, including “an increased sense of belonging to their community, opportunities to use their skills, to make a difference to the organisation’s work, and to learn and develop. For some it also provides pathways or assistance to paid employment.”

The economic contribution of volunteers through the community sector to the Victorian economy cannot be underestimated. The annual value of volunteering in Victorian organisations that are publicly oriented, which includes education/training, community/welfare, parenting/children and youth, has been estimated at \$2.4 billion.<sup>14</sup> Therefore when governments fund the community sector, they receive significant value for money in return, through the leveraging of their investment by significant numbers of volunteers delivering programs and services.

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In some parts of the Victorian community sector, charities rely heavily on the contribution of volunteers. For example:

- Those charities categorised as social services have the largest number of volunteers (34,322 people), followed by other education (25,206 people) and other health service delivery (17,229 people)
- 96.9 per cent of emergency relief charities are supported by volunteers with almost half (49.2 per cent) supported by between 20 and 99 volunteers.
- 91.7 per cent of law and legal services charities are supported by volunteers, with 13.9 per cent supported by 100 or more volunteers.

- 85.2 per cent of social service charities are supported by volunteers, with almost half (45.7 per cent) supported by more than 20 volunteers
- 84.5 per cent of mental health and crisis intervention charities are supported by volunteers.

The unique value community sector charities bring in harnessing the power of volunteers, building their communities and contributing to the economy should not be underestimated. In light of these findings, the increasing entrance by for-profit providers into community sector service delivery could potentially undermine the unique and special contribution community sector charities make. This warrants further research.

The unique value community sector charities bring in harnessing the power of volunteers, building their communities and contributing to the economy should not be underestimated.

When listing beneficiary groups of their services, more than half the community sector charities in Victoria reported children (58.2 per cent) or the general community (50.1 per cent) among their main beneficiary groups. Almost half cited women (45.6 per cent) or youth (44.6 per cent) as main beneficiary groups of their charity, followed by people with disabilities (42.6 per cent).

Many community service charities report multiple beneficiaries, with almost three quarters (74 per cent) reporting two or more beneficiary groups.

<sup>14</sup> D Ironmonger, *The Economic Value of Volunteering in Victoria*, Report commissioned by the Victorian Government, December 2012.

<sup>15</sup> Volunteering Australia, *State of Volunteering in Australia*, 2012, p. 9.

The causes of disadvantage are complex, with often interlinked social problems. In meeting the holistic and complex needs of clients, it is not surprising that many charities cite multiple beneficiary groups. Some charities said:

**“Our key activities were to provide support and assistance to vulnerable Indigenous families through our different program areas including Housing, the Victorian Aboriginal Funeral Service, HACC, Disability, Neighbourhood House, Closing the Health Gap.”**

– Victorian community sector charity, 2012–13 AIS

**“Health system, judicial system and social welfare system – assisting people to get back to good health, sort out legal matters and return to jobs, education and or voluntary work.”**

– Victorian community sector charity, 2012–13 AIS

With the inclusion of time spent on reporting obligations, this provides a chance to systematically examine reporting burden on Victorian organisations.

Whilst not all charities responded to this optional question, medium-sized charities spent on average 154 paid worker hours in the 2012–13 financial year on their reporting obligations. This equates to one person working four weeks per annum on reporting. Large organisations spent on average 388 paid worker hours. This equates to one person working 10 weeks a year purely on government reporting obligations. This figure does not include hours spent on other reporting requirements, such as fundraising or grant acquittals, other reporting activities and Australian Taxation Office or other state and territory regulatory requirements. Overall, more than a quarter (27.5 per cent) of community sector charities spent more than 100 hours a year on government reporting obligations. Volunteers are also supporting government reporting obligations, particularly in small organisations.

In a report commissioned by the ACNC on Commonwealth regulatory and reporting burden on charities it was found that “the average Commonwealth burden imposed on the case study charities over the past 12 months of operations is \$108,000. The average Commonwealth burden was smaller for small charities (\$18,000) and larger for large charities (\$235,000).”<sup>16</sup> The three charity sub-sectors

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researched in that ACNC report were social welfare, other education (excluding schools, higher education and research) and health/aged care.

Of the 15 case studies it was also found that funding agreement obligations were the largest source of reporting burden, with excessive frequency of reporting perceived to be because of risk management rather than funding outcomes, inconsistencies in reporting requirements, and duplication of processes. Further research is warranted in the Victorian context to ensure government reporting is linked to effectiveness and best outcomes for clients. VCOSS also advocates that these data become mandatory in the AIS reporting template, to enable a complete picture of reporting burden to be obtained.

In conclusion, this snapshot of Victorian community sector charities reveals the important contribution made by the community sector to the state. Victorian community sector charities employ almost 100,000 workers, and are supported by almost 135,000 volunteers. The programs and services they provide support multiple beneficiary groups across the community, including those with complex, multiple and interconnected needs. In performing this important work and helping to build strong, resilient, cohesive self-reliant communities, Victoria’s community sector generates significant economic and social benefits, playing a crucial role in strengthening the state.

<sup>16</sup> Ernst and Young, *Research into Commonwealth Regulatory and Reporting Burdens on the Charity Sector*, A report prepared for the Australian Charities and Not-for-profits Commission, September 2014.

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