THE STRUCTURE AND DIMENSIONS OF AUSTRALIA'S COMMUNITY SERVICES INDUSTRY

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CACOM WORKING PAPER NO. 16

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This paper will appear as a chapter in a forthcoming book Beyond Swings and Roundabouts - Shaping the Future of Community Services in Australia to be published later in 1993 by the Australian Council of Social Service and Pluto Press.

ISSN: 1036 823X
ISBN: 1-86365-120-9

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ABSTRACT

The community services industry is an emergent industry. As a consequence there is no widely agreed definition and limited data. This paper attempts to offer a mainly quantitative description of the community services industry in Australia. It is based largely on data from the Australian Bureau of Statistics, but relies on a number of assumption which make its estimates rough guides only. It finds that the community services industry employs about 191,000 people, mostly part-time and mostly women. Approximately half of these employees work for private not-for-profit organisations whilst the other half are equally divided between for-profit and government providers. Volunteers infrequenly augment the not-for-profit workforce. Most of the revenue that finances community services comes from third parties, from governments and private donations. Two methods are used to derive estimates for revenue and expenditure in the community services industry. They produce significantly different estimates between 5 and 6.8 billion dollars. The former is more reliable. Government regulation of the industry varies from close in the case of aged services to almost non-existent in the case of taxation concessions. There is limited competition in the industry, more of it for third-party revenue than for clients or customers.

Defining Community Services

There is no widely agreed understanding of what constitutes the community services industry. The difficulty is twofold. At one level, there is simply the problem of deciding which organised activities to include under a general heading "community services". At another level there are problems generated by the desire of many involved in community services to impart some form of normative content into the way they define their industry.

To deal with each of these levels of difficulty in turn.

Community services was one of twelve industry divisions within the recently superseded Australian Standard Industry Classification (ASIC) used by the Australian Bureau of Statistics (ABS) to construct a picture of the Australian economy. Included in that division were: hospitals, schools, universities, trade unions, churches, police and garbage removal; along with many other services. The new Australian and New Zealand Standard Industry Classification (ANZSIC), released in mid-1993, has created a health and community services division. Within the community services sub-division there are two industry groups: child-care and community care. Within the child care group there is but one class, child care, while within the community care group there are three classes: accommodation for the aged, residential care services "not elsewhere classified" (nec) and non-residential care services nec. These three classes correspond to the two classes -- welfare and charitable homes, and welfare and charitable services nec -- in the old ASIC. In that older classification these two classes were grouped with religious institutions to form the welfare and religious institutions group.

The re-definition of community services in the new ANZSIC represents a considerable narrowing of focus, basically around the activity of caring. However, the strong influence of the health industry can be seen in the new classification. Nursing homes are still grouped with hospitals because, presumably, their work force is predominantly nursing. Yet most organisations offering aged accommodation include a nursing home as part of their array of services and federal government aged care policy talks about a continuity of care between home care, hostel care and nursing home care.

This is but one example of the boundary issues that bedevil any attempt to obtain an agreed definition of community services. A pragmatic way of negotiating these difficulties is to identify a core group of activities or services that would indisputably be part of any definition of community services and then identify flanking activities or services that might be included in an extended definition. These should be scrutinised to determine if they warrant inclusion.

At the core would be those activities classed by ASIC in the welfare and charitable homes and services classes and by the ANZSIC in the community services sub-division. These are: child care, supported accommodation (for people with disabilities and others such as young people and women), home care and other services for older people and people with disabilities, child protection services, family support services, the provision of emergency relief, information, advice, individual advocacy and community development.

Included in an extended definition might be: nursing homes; community nursing (classed by ASIC as part of the health services nec class); some allied health services such as pregnancy counselling, health education and drug and alcohol rehabilitation (classed, mostly, by ASIC as part of the community health centres paramedical class within its other health group); advocacy organisations and organisations of consumers of community services (placed by ASIC in community organisations nec); pre-schools and special schools (placed by ASIC in a school education group within the education sub-division); (some) employment services (located by ASIC in its other community services group); and children's corrective institutions, probation and parole (included by ASIC as part of the prison and reformatories class in the other community services group). It might also include rental housing managed by or provided and managed by community or not-for-profit organisations (located by ASIC in either the accommodation class of the restaurants, hotel and accommodation group or in the residential property operators class of the real estate operators and developers group).

One reason why community services is a hard classification to define is that it is an emerging concept. Its emergence in its current, narrower definition occurred in the 1970s and was driven by four related concerns. One was to free those services and their clients from the term "welfare" and its stigmatising associations. Nowadays welfare is losing its stigma: a recent study by Community Services Victoria (1992) was titled *Welfare as an Industry: A Study of Community Services in Victoria*, neatly capturing an interchangeable relationship between welfare and community services. Another concern was evidenced in the push to deinstitutionalise services for people requiring care so as to provide that care and support, as far as possible, in a community or home-based setting. Closely related to this was a desire to eschew the medical model of service provision in which a person requiring care was defined as a passive patient. Under the new community services paradigm, those requiring services were clients or consumers and were expected actively to shape the type of care provided. Finally, the new definition of community services was shaped by a strong community development movement that sought to empower neighbourhoods and service users by encouraging them to set up and run their own service organisations, thus creating very small community managed organisations. Emerging from these pressures for change was a new way of arranging the community services and new paradigm that is still changing the way community services are provided and the way they are viewed. Thus some services which could be seen as being at the boundary between community services and health (eg. drug and alcohol services), or community services and education (eg. pre-schools or adult and community education), or community services and rental accommodation (eg. community housing) might, in a decade or two, be generally accepted as part of the community services core. But they are not at present. Most importantly, they are not generally regarded as being part of community services by those employed in them.

The one significant exception is nursing home services. Although the new ANZSIC has persisted in retaining nursing homes within the health sub-division, that no longer seems defensible. In this paper nursing homes are considered part of the core of community services.

There are other organisations whose staff, by contrast with those noted immediately above, do classify themselves as part of the community services industry but are classified by ASIC, and by the newer ANZSIC in other industries. These include peak bodies such as ACOSS, which are defined as interest or advocacy groups and placed with others of that type in the community organisations nec class. They also include Skillshare organisations which are classified as employment services. The great bulk of the classes to which those two groups of organisations belong are quite clearly not part of the community services industry and so those few that arguably are, will be excluded from the quantitative mapping provided in this chapter.

The character of community services as an emerging concept explains why many attempts to define it do so in normative terms, or in terms of broad social goals. For example, community services are sometimes defined as services that "enhance the quality of life" or "empower individuals". For some, certain types of providers such as for-profit firms cannot by definition provide community services. That is silly. Such goals are clearly important and desirable but they cannot provide the basis for defining an industry. What does or does not "empower individuals" would be widely debated and it is quite clear that many activities quite independent of what anyone might describe as community services operate to enhance the quality of life. A related view is that community services can only be provided by community (eg. private not-for-profit) organisations or more precisely still, only by community managed organisations. This is to confuse services or activities with the manner in which their provision is organised.

A pragmatic activity-focused definition is required if one is to delineate the dimensions of the community services industry.

There are two ways of compiling data on the community services industry. One is to identify all organisations or establishments operating within the industry and then collect data from them or at least a sample of them. At present that is not possible. The other is to rely on existing data collections and estimations undertaken by the ABS. But to do that necessitates relying on ABS industry and legal classifications. Unless it is otherwise stated, the data below will define community services industry as being constituted by the welfare and charitable homes and welfare and charitable services nec and nursing homes classes of the Australian Standard Industry Classification. ASIC has been used rather than the newer ANZSIC as no data is yet available in the newer classification. As noted above, this will exclude services provided by organisations whose members might identify themselves as part of the community services industry but which are classed as part of other industry classes. This means that the data provided below understates the size of the community services industry as most people would constitute it. However, the extent of understating is relatively small, probably no more than one to five percent (depending upon the definition). Adoption of these three ASIC classes also means excluding some public servants working in community services departments in central management or policy positions. They are counted as part of the public administration and defence division of ASIC and their numbers are relatively few.

It should also be noted that the description of the community services industry provided below will contain details of organisations and not of activities performed or services provided in an informal or unorganised way by families, friends and neighbours. The extent of these informal community services is very large, and the manner in which organised service provision intersects to support (or inhibit) the informal production of services is a central policy issue. It is, however, not part of an industry as that term is generally defined and understood.

As well as being difficult to define, the community services industry differs from many other industries in:

- the composition of its work force. It has a higher than average proportion of women and of part-time workers and relies significantly on volunteer workers;

- the high level of revenue to pay for services which comes from third parties, that is, from other than consumers.

Both of these factors are products of its characteristic as an emerging industry. In particular, they are the product of its formalisation, or organisation, of activities once, and still significantly, performed by family and neighbours. In addition, the special feature of the current community services industry are a consequence of its origins as an industry in what were originally called welfare services provided by not-for-profit organisations which were generally called charities.

Employment

The community services industry is not large in terms of employment. In 1990, total employment was 191,000 or a little over three percent of employees (this comparison excludes the self-employed and those employed in the agricultural sector). The breakdown by industry classes is as follows. All industry estimates which follow are imprecise and have been rounded to convey this.

Table 1: Employment by Class and Sector Community Services Industry June 1990

ASIC Class	Public	Private not-for-profit	Private for-profit	Total
8304 Welfare & charitable homes & 8305 Welfare & charitable service nec	27,500	65,500	7,000	100,000
8143 Nursing homes	18,000	31,000	42,000	91,000
Total	**45,500**	**96,500**	**49,000**	**191,000**
Percentage of community services industry employment	24%	51%	26%	
All sector employment as a percentage of all industry employment	28%	7%	65%	

Source: Unpublished ABS Data from Survey of Employment and Earnings, June 1990.

The ABS Business Register lists all organisations which employ people, categorised by industry group and legal type. This is drawn on to conduct quarterly Surveys of Employment and Earnings (SEE). SEE data is available only by industry group. But by applying proportions of employment by class within each industry group, available from the 1986 census, it is possible to estimate the number of private organisations which employ people in the community services industry. This is provided below.

Table 2: Number of Organisations & Average Number of Employees per Organisation by Sector & Class Community Services Industry June 1990

ASIC Class	Public		Private not-for-profit		Private for-profit	
	No. of organisations	Av. no of employees	No. of organisations	Av. no of employees	No. of organisations	Av. no. of employees
8304 Welfare & charitable homes 8035 Welfare & charitable services nec	N/A	N/A	3,500	19	1,400	5
8143 Nursing homes	167	108	542	57	748	56

Source: Unpublished ABS Data from Survey of Employment and Earnings, June 1990.

It should be noted that organisations here are defined as management units and that some organisations may employ many staff in many different sites or establishments. The averages of employment by not-for-profit organisations provided above are skewed by the presence of a few very large organisations (management units) especially in the welfare and charitable homes and services classes. It is not possible to estimate the median employment for organisations in this industry but it is likely to be noticeably smaller than the mean or average reported above. For example, 40 per cent of private nursing homes employ between 20 and 49 staff while 46 per cent of private organisations in the welfare and charitable homes and services classes employ between 1 and 4 people. The data shows significant differences between sectors; the private for-profit organisations in welfare and charitable homes and services classes are mostly child care-centres; government nursing homes are on average twice the size of private nursing homes (whether for profit or not-for-profit). Nonetheless, the number of not-for-profit organisations in the welfare and charitable homes class seems small.

It is possible that some not-for-profit organisations have been wrongly classified by the ABS as for-profit or in the religious institutions class. Even so, their error is not likely to be more than 10-15 per cent. In 1992, the Community Services Victoria (CSV) study Welfare as an Industry included comparable data on all not-for-profit organisations subsidised by that department in the 1990-91 financial year. The great bulk of these are part of the community services industry, though some would be classed as health and others in education. By way of confirming the estimate above, when the data on employment by organisations in the CSV study is adjusted to remove those organisations not employing staff and those in pre-schools and kindergartens, classed by ASIC in the education industry, the average employment per organisation was 19 people.

These estimates in Table 2 exclude organisations which do not employ people (in the CSV study this was 12 per cent of the organisations surveyed). There is no way of estimating how many such organisations relying entirely on voluntary effort, are part of the community services industry. However, because of their inevitably small size, they are unlikely to play a significant part in the industry.

Data from the 1986 census sheds some light on the employment profile of the community services industry. By comparison with the average for all industries, its work force:

- has a high part-time component;
- has few managers and professionals, but many sub-professional workers;
- is predominantly female.

Table 3 shows the percentage of full-time and part-time workers in each of the two major classes in the industry. These are unlikely to have changed significantly in the past seven years.

Table 3: Employment in Community Services Industry
% Part-time & Full-time, By Class
June 1986

ASIC Class	Part-time (%)	Full-time (%)
8304 Welfare & charitable homes & 8305 Welfare & charitable services nec	31	68
8143 Nursing homes	44	65
Community services industry	37	62
All industries	17	82

Source: Unpublished ABS Data from 1986 Census

These figures are for public and private sector employees combined. It is likely that the part-time component would be even higher in the private (not-for-profit and for-profit) sectors. The CSV study found 80 per cent of public sector employees in the Victorian community services industry worked full-time, which was true for only 39 per cent of employees in the not-for-profit sector.

Table 4 compares the community services industry with the all industry average for employment of managers and administrative officers, professionals, para-professionals and personal service workers.

Table 4: Employment in Certain Occupational Groups
As a Percentage of all Employment in Community Services Industry & all Industries
June 1986

ASIC Class	Managers and admin officers	Professionals	Para-professionals	Personal service workers
Community services industry	4%	9%	23%	19%
All industries	11%	12%	6%	1%

Source: Unpublished ABS Data from 1986 Census.

The data suggests several points. It suggests that there may be some truth in the criticism that many organisations in the industry, particularly in the predominantly not-for-profit sector, do not commit sufficient resources to management, probably because they are trying to put as much as possible into service delivery.

The relatively low number of professionals and high numbers of sub-professionals employed in service delivery is a reflection of the emerging character of the industry. It and the high female component of the work force testify to the relatively recent emergence of much of the work in the industry from caring work in and around the home, performed predominantly by women. It also suggests that employers have perhaps been slow to recognise the relatively high levels of skill required for the effective performance of many tasks in the industry, a slowness made easy to justify by the difficulty many of the organisations have in raising revenue. It might also be a consequence of the strong suspicion of the professions which has characterised the industry over the past two decades.

As noted above, and shown in table 5 below, the work force is predominantly female.

Table 5: Percentage of Women and Men in the Work Force
Community Services Industry & All Industries
June 1986

Industry Class	Women	Men
Welfare & charitable homes, Welfare & charitable services	72%	28%
Nursing homes	90%	10%
Total community services	81%	19%
Total all industries	39%	61%

Source: Unpublished ABS Data from 1986 Census

This predominantly female character is slightly reduced at senior levels in the industry. Only 58 per cent of managers and administrative officers are women, though women comprise 87 per cent of professionally qualified employees.

A final noticeable feature of the community services industry is its high growth rate. Between 1986 and 1992 it grew by an average of 8 per cent per year, even during the 1990s recession. By contrast, in all industries employment declined between 1990-92 and grew by an average of less than 1 per cent over the six years since 1986.

Volunteers

In addition to the paid work force, a large part of the output of the community services industry is provided by volunteers. Unfortunately, there is little useful data on volunteering in Australia and what there is does not enable us to identify how much volunteer effort went into community services. Surveys in Queensland and in Victoria by the ABS in 1982 suggests that about 30 per cent of the population over 14 volunteered for an average of 2.3 hours per week. The most recent survey of volunteering, undertaken in South Australia in 1988, suggests that a little over 24 per cent of the population over 14 volunteered for an average of 3.3 hours per week for organisations. By comparison with the earlier study the percentage of volunteers is lower, but this is probably because the survey covered only a three month period. Community services attracted relatively little volunteer effort. Only 5 per cent of the population over 14 volunteered for health and welfare organisations for an average of 2.6

hours per week; two-thirds of these are women. This constituted only 14 per cent of the total hours of voluntary work in South Australia.

Nonetheless, the volunteer effort is especially valued by not-for-profit providers in the community services industry. The CSV survey of Victorian not-for-profit organisations receiving grants CSV in 1990 found that these organisations utilised four volunteers for every person they employed. When the figures are adjusted to exclude pre-schools and kindergartens, the result is a little less impressive: three volunteers are mobilised for every person in paid employment. On average, the volunteers worked four out of five hours per week. Over 80 per cent of that work was in service delivery. If they had been paid the adult minimum wage for the hours they worked, it would have cost organisations an additional 100 million dollars annually.

It is often said that although women do most of the volunteer work in the community services industry, men take a majority of positions on boards of management. The only reliable estimate we have contradicts that view. A survey of Queensland not-for-profit welfare organisations showed that 80 per cent of those positions were held by women (McDonald 1993). Other research confirms that volunteering is sometimes a path to part-time and then full-time employment in the community services industry (Onyx and McLean, 1992).

Financing community services

In most industries the revenue that sustains the production of goods and services is provided by the customers who are the consumers of those goods and services. Organisations within most industries obtain start-up or expansion capital in the form of equity investment or loans. Occasionally governments provide direct support via loans and grants, more often government support is indirect, via tariffs, regulations and tax concessions.

The financing of community services is more complicated. It is characterised by the major role played by third party finance; that is, the financing of services by interests that are not consumers of the services. This is also true of flanking industries in the human services, particularly education and health, but unlike those industries where the great bulk of third party finance comes from governments, in community services, individual households and companies are significant providers of third party finance as well.

There is no simple way of estimating the size of revenue or expenditure in the industry. Government expenditure is available from ABS public finance statistics, but only the very roughest estimates can be made of revenue and expenditure of organisations in either of the two private sectors. Because of the structure of nursing home revenue, a slightly more accurate estimate can be made there. Public finance statistics are classified not by industry but by government purpose. However, the government purpose classification (GPC) "welfare services" corresponds roughly to the ASIC welfare and charitable homes and services classes, while the GPC "nursing homes" corresponds roughly to the ASIC class of the same name.

Nonetheless, two methods of developing rough estimates are available and will be outlined below. Each relies on different ABS data collections along with other sources and, not surprisingly, each produces a different estimate (significantly different, it turns out). A brief account of the two methods is provided below.

One method is to use data on wages and salaries paid within the industry, taken from the Survey on Employment and Earnings. This will be referred to as the wage expenditure method. Published data is available only for industry groups and not the finer class classification used here, but rough adjustments can be made using employment data from the 1986 census. Expenditure on wages and salaries is of course only part of the story. Data from several studies of not-for-profit organisations (CSV 1992; Lyons & Buckmaster 1993) suggests that for not-for-profit organisations in the welfare and charitable homes and services classes, expenditure on wages and salaries is approximately 70 per cent of total expenditure. For nursing homes the figure is higher, about 75 per cent. In both cases it is assumed that similar relationships between expenditure on wages and salaries and overall expenditure pertain in the private-for-profit and government sectors as well. When these adjustments are made, the results are as shown in the following table:

Table 6: Estimates of Annual Expenditure By Organisations in the Community Services Industry 1989-90 Derived from Expenditure on Wages and Salaries

	Nursing homes $M	Welfare and charitable homes and services $M	Community services industry $M
Expenditure, wages and salaries	1,972	1,692	3,664
Total expenditure	2,630	2,417	5,047

Source: Table 1 and ABS (1990) Employed Wage and Salary Earners, Australia, June Quarter 1990, Catalogue No. 6248.0

The second method is more complex and draws on data from government finance statistics, from data on giving by private sources, data on the revenue sources of not-for-profit organisations and estimates of the revenue of for-profit organisations. It combines data on direct expenditure by government organisations with estimates of the revenue of for-profit and not-for-profit organisations. If it can be assumed that government outlays less grants to non-government organisations (both not-for-profit and, in the case of nursing homes, for-profit) is the equivalent of revenue provided from the budget for the production of services by government organisations then there seems to be a basis for constructing a rough but comprehensive account of the revenue side of the community services industry. If it is then assumed that revenue equals expenditure (which is not quite the case for private organisations) an estimate of expenditure by community services organisations can be derived. This method is called the components of income method. It is more complex and involves many more assumptions than the wage expenditure method. It is likely therefore to be less reliable, but it provides an opportunity to explore some of the revenue sources of the industry.

A basic starting point for this method is government finance statistics. As noted above this is classified not by ASIC class but by GPC. The relevant GPC for the community services industry is the group "062: welfare services" (which consists of the sub-groups family and child welfare, aged and handicapped welfare, and welfare services nec) and the subgroup "0514: nursing homes". GPC classifications are not meant to correspond to ASIC classifications and although there is a good match between services classified in the GPC welfare services and the ASIC welfare and charitable homes and services classes, the former seem to include some activities (such as some drug and alcohol programs) which might not be included in the latter. But the differences between the two seem minor. Data is available on total government outlays and grants to non-profit institutions. Estimates can be derived for grants to for-profit organisations (in 1989-90 nursing homes were the only for-profit organisations in the community services industry to receive significant direct government support). The estimates below are based on unpublished data from 1986-87, adjusted to 1989-90 by assuming that increases were at the same rate as all government outlays or all government grants to non-profit institutions (whichever is relevant).

As well as financial grants, non-profit organisations receive income from fees, donations and bequests, from interest on or rent from investments and from other business activities. Data on income from donations and bequests is available from surveys undertaken by Reark Research for the Australian Association of Philanthropy (AAP) during 1989-90 (AAP 1991). This provides estimates of giving by source and destination. The destination "specialist human services" has been chosen as that most closely approximating the community services industry. It is likely that the AAP estimates significantly underestimate giving, especially by companies and the estimates below are based on expanded estimates of giving (Lyons 1993). Deriving estimates of revenue from other sources can only be done by deduction. A study of thirty not-for-profit organisations in New South Wales in the welfare and charitable homes and services classes indicated that grants and donations totalled 60 per cent of their income: the CSV study indicated grants and donations comprised 77 per cent of revenue (it is 78 per cent for the twenty largest Victorian organisations). It seems Victorian not-for-profit community service organisations are more reliant on government grants than those in New South Wales. It is likely that other states more closely approximate New South Wales. Therefore, a figure of 67 per cent was chosen to represent the proportion of revenue derived from government grants and donations or fund raising thus enabling an estimate of revenue from all other sources to be made. The proportion of revenue raised from fees by organisations included in the above two studies was then used to develop an estimate of overall revenue from fees earned by not-for-profit organisations in the welfare and charitable homes and services classes of the community services industry.

It is somewhat easier to develop revenue estimates for private nursing homes. It is assumed that both for-profit and not-for-profit nursing homes only receive income from government grants and from fees. An estimate of fees was derived by multiplying the number of nursing home beds in each sector by 85.5 per cent of the prevailing aged pension plus rent assistance in June 1990. Government nursing homes also received fee income, but government organisations in the welfare and charitable homes and services industry class rely entirely on a budget allocation. For-profit nursing homes receive government grants and fees while for-profit organisations in the welfare and charitable homes and services classes, in 1989-90, almost entirely relied on fees. The estimates below is based on for-profit child-care centre data collected for the 1991 child-care census. Table 7 contains the results of these estimates

Table 7: Revenue Received by Organisations in the Community Services Industry by Sector, Source of Revenue and Major Industry Classes, 1989-90

Sector	Industry Class		
	Nursing homes $M	Welfare & charitable homes & services $M	Community services industry $M
Government providers:			
- direct expenditure	490	2,417	2,907
- fees	105	--	105
Not-for-profit providers:			
- government grants	445	810	1,255
- donations/fund raising	--	745	745
- fees	175	310	485
- other (interest, business income, etc.)	--	203	203
For-profit providers:			
- government grants	615	--	615
- fees	245	210	455
Total	**2,075**	**4,695**	**6,770**
Rounded ($ billion)	**2.1**	**4.7**	**6.8**

Source: Unpublished ABS data on public finance; AAP (1991); various other government sources for data used in certain estimates (see text).

It will be seen that the estimate derived in this manner is considerably higher than that derived from the wage expenditure method. There are several discrepancies to be noted.

By the components of income method, nursing home expenditure is lower than the wage expenditure method, which may be a consequence of some revenue received by nursing homes from government grants and donations being counted in the welfare services group in the components of income method. It might also be that wages and salaries are a higher proportion of overall expenditure than the 75 per cent used in developing the wage expenditure method. To throw further light on this, a third method was used to roughly estimate nursing home expenditure. A review of data from a group of not-for-profit nursing homes revealed average annual expenditure per bed of $31,000. Expenditure on the 20 per cent of beds that are government owned is likely to be higher. Using this figure an estimate of $2.3 billion in annual expenditure by nursing homes was derived. This was halfway between the estimates for nursing home expenditure derived from the two methods outlined above.

The big discrepancy is in the welfare and charitable homes and services classes. It is far too large to be explained by the likelihood that the GPC category includes expenditure on services that would not be classified as part of the welfare and charitable homes and services classes. Nor can it be explained by reference to an excess of income over expenditure (or profit). There will probably be an overall profit for the private sectors but that is more likely to be in the order of 10 per cent, or 8 per cent overall revenue, not 30 per cent. It is impossible to explain adequately the difference. It could be that the wage expenditure method is in error. For this to be the case it would mean that organisations spend more on non-salary items than was assumed, but even if wages constituted only 50 per cent of the expenditure of organisations in the community services industry, it would increase the wage expenditure estimate by only $700 million. It might also be that the estimate of employment in welfare and charitable homes and services classes is understated. This is possibly true of private sector employment, but even if that were increased by 25 per cent it would increase expenditure by only $275 million.

On the other hand the revenue estimate relies on a larger number of assumptions which increases the scope for error. One aspect that seems doubtful is the level of revenue from donations and fundraising. In these estimates it constitutes 36 per cent of revenue. In both the CSV study and in the study of the 30 largest not-for-profit welfare organisations in New South Wales, it constituted only 15 per cent of revenue. As well, by these estimates, government grants constitute only 38 per cent of revenue while the CSV study has government grants as 67 per cent and in the study of the 30 largest not-for-profit welfare organisations in New South Wales it was 45 per cent of revenue. However, the only Australia wide study of non-government welfare organisations, conducted in 1981, found revenue from government grants was 38 per cent (but 67 per cent for those organisations that actually received government grants) (Milligan, Hardwick & Graycar 1984). The estimate of revenue from donations and bequests is likely to be inflated, especially by revenue from business. It was extrapolated from survey based estimates developed for the AAP study, but these suggest a far higher rate of giving by business than has been noted in any other country (Lyons 1993). However, even if the more conservative figures published by the AAP are used and the overall revenue for the not-for-profit sector recalculated, it reduces that source of revenue by only $370 million. In that context it should be noted that the AAP figures used to obtain that lower estimate exclude some fundraising revenue (eg. from sponsorships and merchandising) and so clearly underestimates revenue from these sources.

A second possible source of exaggeration in the components of income method is the figure of $2.4 billion in direct government expenditure on welfare services. This estimate is derived by deducting grants to non-profit organisations from the total outlays in the welfare services group, which was in turn increased by 27 per cent (to allow for inflation) from the only available figure, that for outlays in that GPC in 1986-87. It seems excessively high given that public employment in welfare and charitable homes and services classes is less than one half of private employment in those classes. It should not therefore be slightly larger than the revenue of all private organisations. Table 8 shows revenue per employee based on the revenue data used in the components of income method. The excessively large expenditure per government employee suggests that the figure includes some cash transfers, more properly classified in the adjacent GPC group "061: social services", or some state government expenditure better placed in education or health groups. If the estimate of direct government expenditure is halved thus bringing average expenditure per government employee into closer alignment with the private sector, the total revenue of the community services industry becomes $5.2 billion which is very close to the estimate derived via the wage expenditure method.

Table 8: Expenditure per Employee Community Services Industry (by components of income method)

Sector	Expenditure $M	Number of employees	Expenditure per employee $
Government	3,012	45,000	$66,933
Not-for-profit	2,688	96,000	$28,000
For-profit	1,070	49,000	$21,837

Source: Tables 1 & 7 above.

At all events, the $7 billion estimate derived from the components of income method seems too high. The best one can say is that expenditure in the community services industry in 1989-90 was between $5-7 billion, but probably closer to $5 billion than $7 billion. For those who want a point estimate, about $5.5 billion should suffice.

Government regulation and concessions

Governments are involved in all industries as regulators. Sometimes they are involved as facilitators of private initiatives, via grants, tax concessions or industry protection. Sometimes government organisations produce goods and services; even more occasionally they compete with private producers.

The data above indicates that governments have a major involvement in the community services industry as producers or providers of services and as providers of very substantial financial support to other producers, in some cases to consumers via fee relief -- effectively a form of voucher (Lyons 1992)

Governments also support non-profit producers via tax concessions and by allowing donors to some organisations to deduct those donations from their taxable income.

Most not-for-profit providers of community services are recognised by the Australian Taxation Office (ATO) as charities. This means that they are exempt from paying tax on any surplus of income over expenditure: indeed, they are exempted even from filing an annual tax return. Many of these organisations are also recognised as public benevolent institutions (PBI) which means that they are exempted from sales tax and fringe benefit tax and (state) payroll tax. To be recognised as a PBI an organisation must be not-for-profit and be directly concerned with the provision of relief to persons requiring benevolent relief. Organisations primarily involved in advocacy, advice or community development activities will generally not be recognised as PBIs. As well, donations to organisations that are PBIs are tax deductible for the donors, which assists such organisations in appealing for funds.

Administration of these concessions by the ATO is far from rigorous. There is no complete record of organisations granted tax exemption and no estimate of what revenue might be foregone by the government as a consequence. Records of organisations given PBI status are not collated at national level and only the roughest estimate is made of the revenue foregone as a result of the concessions that flow from that status. Based on data from the AAP survey about percentages of individuals and firms who claim tax deductions for their donations, one could roughly estimate that the revenue foregone in 1990 was $135 million. This does not include sales tax deductions which many organisations find a far greater benefit.

State and territory governments regulate the collection of funds from the public by charities, but legislation varies considerably in its scope as does the approach taken by different governments to its operations. Most states have moved in recent years to regulate collections rather than organisations and most exempt many organisations from scrutiny.

Governments are also heavily involved in the regulation of most of the various services that comprise the community services industry. Regulatory regimes and standards are most developed in those services which are largely provided by private organisations. Less attention has been paid to areas such as child protection where governments have been the largest providers. Traditionally, government regulation of community services rested with state governments, which still play a major role. However, over the past decade, the Commonwealth government has taken a far more central role in setting standards for the production of aged, disability and children's services. In all cases, these new standards have focussed more on outcomes than on inputs and have been significantly shaped by pressure from organised consumers.

Competition

Any industry is characterised by competition between producers/providers. Competition in some industries is far greater than others. Competition is generally viewed as a benefit as it is supposed to keep prices lower and services of a better quality than they would be if services were provided by a single, monopoly provider. The community services industry is characterised by only limited competition and by widespread doubts about its benefits. These are both products of the emerging nature of the industry and particularly the large amounts of third party financing. As table 7 shows, only about 15 per cent of revenue flowing into the community services industry is generated by consumer payments. Most of the rest comes from government and private donors while small amounts are generated internally by not-for-profit organisations through investments, business ventures and the like.

Most widespread competition within the industry is not for the consumer dollar but between organisations in the dominant not-for-profit sector for donated dollars. Competition for consumers exist to a significant degree in only two areas: child care and nursing home care. These are the two areas of community services where there is quite a large demand for services coming from all segments of the population irrespective of income (the other areas are home based care and counselling). They are also the two areas where there is significant service provision by for-profit producers. Not-for-profit organisations are also major providers of these services, with a significant state government provision in nursing home care and local government provision in child care. Until recently, demand had far exceeded supply in both areas but this has recently changed. For nursing homes, the significant expansion to home-based care and stricter limits on access to nursing homes by governments have created an oversupply of nursing home beds in some areas; for child care a rapid expansion has led to oversupply of places for older children in some areas, though the child care industry as a whole is still characterised by undersupply.

Conclusion

The community services industry is a newly emerging industry, but one that will become increasingly important in the future as the population ages and more women remain in the work force while raising children. In the past, some of what is produced in an organised manner within the community services industry today was produced informally by families and neighbours. A great deal of community "services" still are. Some community services were produced by state governments and not-for-profit organisations commonly described as charities. As the industry emerged and grew a number of relationships between these sectors, along with commonly held assumptions and philosophies have been challenged and have changed. This process of transformation will continue.

This paper has attempted to describe the features of the community services industry quantitatively rather than qualitatively. Because it is an emerging industry there are no data sources that can directly be drawn on to build such a picture. Various sources have been used here but have all involved making a number of often brave assumptions. The data produced above must be read in that light. It sketches broad parameters; it provides broad generalisations only. As the community services industry develops, hopefully, so too will the data collected about it.

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