



EQUITY ECONOMICS

THE SOCIAL SECTOR IN NSW

CAPITALISING ON THE
POTENTIAL FOR GROWTH



MARCH 2021





EQUITY ECONOMICS

ABOUT EQUITY ECONOMICS

Equity Economics is an Australian economic consultancy committed to providing quality economic analysis and policy advice to the not-for-profit, corporate and government sectors. We help organisations deliver effective strategies and influence policy debates by leveraging our skills and expertise in economic analysis, policy advice, research, advocacy and strategy on some of Australia's most complex economic and social policy challenges.

Equity Economics is uniquely focused on addressing issues surrounding inequality, particularly through inclusive growth, equality of opportunity and stronger bilateral and multilateral relationships. Equity Economics strives to bolster development and shared prosperity in our region and internationally.

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A POTENTIAL FOR GROWTH



The NSW Social Sector provides essential care and support to over **1 million people** each year – including those impacted by poverty, homelessness, domestic violence, mental health challenges, disability or other complex issues.



In the five years before the COVID-19 pandemic, **1 in 8 jobs** created in NSW was in the Social Sector.¹



The NSW Social Sector employs over **230,000 people**, with annual economic output worth **\$15.4 billion**.



4 out of 5 workers in the Social Sector in NSW are women.



Over **7,800 organisations** operate in the Social Sector in NSW.



Volunteers in the Social Sector perform **1.7 million hours** of work per week, contributing the equivalent of **\$4.4 billion in economic value** per year in NSW.



The Social Sector will demand an additional **62,000 jobs** by 2030, including **27,000 in regional NSW**.



\$1 billion net investment in care industries by governments could lift economic activity in NSW by **\$10 billion per year** through direct generation of jobs and freeing up informal carers to participate in the labour market.

CHALLENGES MEETING THE POTENTIAL FOR GROWTH

Workforce shortages are emerging, with vacancies in key occupations including care and welfare workers increasing by over 2.6 times in regional NSW over the past five years.

Many workers face job instability and low pay: half of the state's Social Sector workers are employed in fixed-term or casual positions.

Significant rising demand and unmet need is driving chronic stress and mental health concerns for Social Sector workers and undermining service quality.

REALISING THE POTENTIAL FOR GROWTH

While the NSW Social Sector plays an important and growing role in the economy and society, it faces a number of challenges particularly in attracting and retaining the workforce it needs to support the people of NSW.

TO REALISE THE ECONOMIC POTENTIAL OF THE SOCIAL SECTOR, THIS REPORT RECOMMENDS:

- The NSW Government review its planning and funding mechanisms to reflect population demand, identify the mix and level of services that are needed at a local, regional and statewide level, and ensure a systematic and evidence-based approach to investment.
- The NSW Government provide greater industry stewardship through supporting the development of a NSW Social Sector Growth Strategy, which addresses:
 - Strategies to make the Social Sector an attractive career
 - Retaining existing staff and volunteers
 - Quality and productivity within the Social Sector
 - Planning to ensure an appropriately skilled workforce of the future
- Immediate investment in supporting and addressing the mental health needs of the NSW Social Sector workforce.

¹ In this report we define the NSW Social Sector as covering the provision of aged care, early childhood education and care, community mental health services, disability care, child protection, housing and homelessness services, community mental health, and domestic violence.

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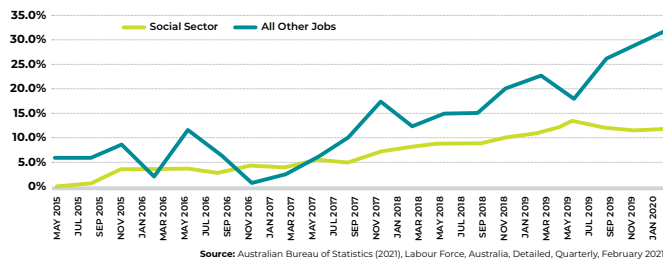
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THE ECONOMICS OF THE SOCIAL SECTOR

The Social Sector plays an important role in the NSW economy in terms of economic activity within the sector, as well as the activity it enables elsewhere. The sector accounted for 1 in 20 jobs in NSW in 2015, and 1 in 8 jobs created in the five years since.²

FIGURE 1 GROWTH IN JOBS IN NSW FEBRUARY 2015-FEBRUARY 2020



Source: Australian Bureau of Statistics (2021), Labour Force, Australia, Detailed, Quarterly, February 2021

One in Eight Jobs Created from 2015 to 2020 in NSW were in the Social Sector³

The Social Sector refers to that part of the economy outside of government that supports people with their everyday functioning and care needs. It includes the provision of aged care, early childhood education and care, community mental health services, disability care, child protection, housing and homelessness services, community mental health, and domestic violence support. A key feature of the Social Sector is the contribution of volunteers that further enhances the sector's social and economic impact.

The sector's social and economic contribution to NSW is two-fold. Firstly, services provided by the sector improve community wellbeing, often of the most disadvantaged and vulnerable. The COVID-19 pandemic highlighted the importance of these services in keeping people safe, supported and connected. The Social Sector also plays a second, important role: its caring and support services free

up labour resources for the rest of the economy, fuelling increases in productivity across the state.

As a result, investment in the Social Sector can be an important driver of economic growth.

"We enable people to flourish. To participate economically."

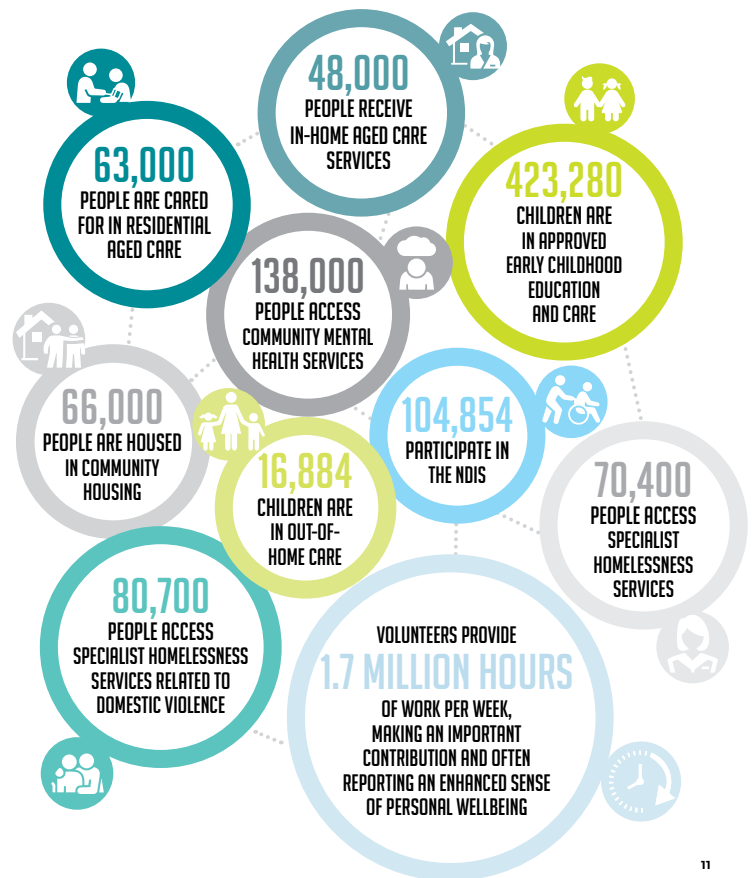
JACK DE GROOT,
NSW CEO, St Vincent de Paul Society

The Social Sector will play an increasingly important role in the NSW economy as the population ages and demand for care services grows.

A 2020 World Economic Forum report highlighted the Care Economy, which forms part of the Social Sector, as one of seven emerging job clusters (alongside Data, Artificial Intelligence and the Green Economy). The report predicted that the Care Economy would account for 37 per cent of emerging jobs in the two years to 2022.⁴

Supporting People Across New South Wales

THE NSW SOCIAL SECTOR SUPPORTS MORE THAN 1 MILLION PEOPLE EACH YEAR⁵



Employing People Across New South Wales

The Social Sector employs around 231,000 people across NSW.⁶ And this is set to grow.

Equity Economics estimates that the NSW Social Sector will grow by 62,000 jobs by 2030.⁷

These jobs will be located across NSW, with 33,000 jobs in Greater Sydney and 27,000 jobs in the rest of NSW.⁸

The growing Social Sector will play an increasingly important role in regional NSW, creating new employment opportunities. The need to recruit, educate, train and retain this workforce of the future will be a key hurdle in meeting the increased demand for workers, enabling individuals and communities across NSW to flourish.

A Big Economic Contributor

Equity Economics calculates that

The NSW Social Sector accounted for \$15.4 billion in economic output in 2019-20.⁹

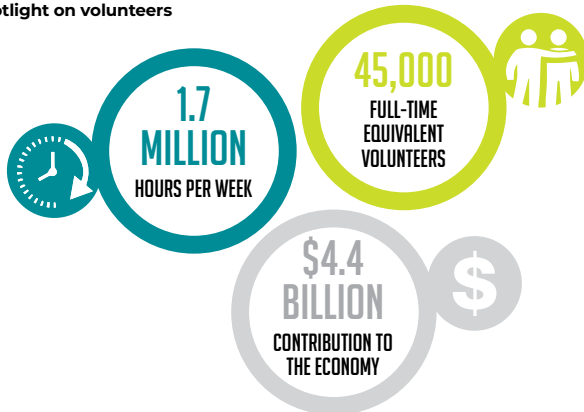
This represents 2.4 per cent of Gross State Product, and does not account for the significant work done by volunteers, which is not captured by official statistics.

Using data from the Household Income and Labour Dynamics in Australia (HILDA) Survey, Equity Economics estimates that volunteers contribute a further \$4.4 billion in economic activity, increasing the overall value add of the industry to almost \$20 billion each year.¹⁰ This is over twice the economic contribution of the Agriculture Industry in NSW.

These figures do not include the economic benefits that flow from the improved outcomes of people assisted and supported by the Social Sector, such as improved participation in employment. For example, statistics from the Productivity Commission show that employment outcomes improve after people have received assistance from homelessness services.¹¹



Spotlight on volunteers



An Important Employer of Women

Four out of five workers in the Social Sector in NSW are women,¹² providing an important source of employment. At the same time low wages in the sector are a contributing factor to the significant gender wage gap in Australia.¹³

A survey of community organisations in NSW found approximately 1 in 5 organisations were entirely staffed by women.

A Driver of Future Economic Growth

The expansion of the Social Sector provides significant potential for future economic growth. Beyond the direct generation of jobs, investment in the Social Sector reduces the unmet demand for services and the reliance on informal care. This increases the supply of labour across the economy, which is an important driver of economic growth.

Recent modelling by Victoria University showed that additional spending on aged care, disability care and early childhood education and care could deliver significant economic benefits.

A \$1 billion net annual investment to lift wages and boost supply of Social Sector services was predicted to deliver a \$10 billion boost to Gross State Product in 2030.¹⁴

This represented a \$6 billion gross investment, and an increase in Gross State Product of 1.64 per cent. This economic benefit would be the result of the direct employment impacts but also through lifting the amount of time worked by over 12 million hours per month.

Realising the Potential

The Social Sector has been a significant contributor to economic and employment growth in NSW in recent times, and this is set to continue in the years ahead. However, the Social Sector faces a number of challenges in fulfilling that potential including attracting and retaining staff, the professional training of staff and volunteers, and organisational capacity.

In the next section of the report, we highlight these challenges, before outlining international approaches to addressing them and finally making recommendations on policy actions to realise the Sector's potential for growth for growth in NSW.



Chris Grumley

PEER WORKER, FLOURISH AUSTRALIA

Flourish is a community-managed mental health service and registered NDIS provider. As Team Coordinator Peer Specialist, Chris leads a team of peer workers who support people living with significant mental health issues. Located in Western Sydney, he has worked in a range of roles within the organisation since 2013.

Discovering peer work was life changing for me. Peer work allows me to use my lived experience with mental health to help others with similar experiences.

A typical day involves being on the ground working with support workers (including peer workers) in the NDIS / Housing and Accommodation Support Initiative, a state-wide program supporting those living with severe mental illness. I also participate in a range of initiatives with various organisations and committees, such as the Mental Health Commission. At the Psychiatry Congress Conference in New Zealand, I was one of the only 'non-psychiatrist' delegates, and represented peer work and Flourish throughout the event. For this outward-facing engagement, my role was to bring the human side to the clinical side.

A core value of peer work is inclusiveness. We do things "with" rather than "for" and we specifically include people accessing the services. We give power to the negative experiences that some of our peer workers have endured, so they can be used to grow and encourage others through similar challenges. We're not therapists, and not always someone's main source of support, but we want to help people move on to the next stage of their recovery.

The sector as a whole would benefit from having the peer work aspect strengthened. Flourish was one of the first organisations to really focus on building a peer workforce. Peer workers were initially like professional friends, often in group settings, or volunteering in hospital units. Now, we're recognising all of these different ways in which peer work can be utilised. Even during

COVID-19, people in the community could reach out to a phone service of peer workers. It's always going to be a challenge – how can we achieve the best outcome for someone who may only call the support line once? That's when we reach for peer workers, because they can connect with and relate to the person in a way that someone without a lived experience may not be able to.

There are so many different opportunities right now, but there's a lot of capacity to expand. Much of it is still frontline work. At Flourish, we have peer worker and lived experience representation throughout all of our programs, not only to provide support, but for guidance and expertise within the program itself. All skill sets need to be nurtured and fed, but without funding, it's hard to strengthen these skills. Our priority is helping people.

It's not enough to have a skill 'present' in the workforce. We need to invest in the growth in these skills.

It's not an easy job, but it's highly rewarding and I can't imagine doing anything else. At the end of the day, even if I haven't been able to get the perfect outcome for someone, I know that if I wasn't active in that person's support team, things could have been even harder for them. The bushfires and the pandemic have highlighted how serious mental health is, and how important it is to have these services in place. For the people we work with, it's different talking to someone who has actually been there.



Elizabeth

PROGRAM MANAGER, DOMESTIC VIOLENCE ORGANISATION

Elizabeth* works for a domestic violence organisation as a program manager.

I really enjoy my work and am proud of what we achieve, in supporting domestic violence victim-survivors to escape violence and rebuild their lives.

In previous jobs, I worked as a counsellor and was able to play a crucial role in making lasting, positive impacts to the wellbeing of children and in suicide prevention for many clients.

Would I recommend a job doing what I do to a friend? It would very much depend on their financial situation. If money is an issue for them, I really wouldn't recommend it.

Thinking about how long I can continue is a vexed issue because financially being in the sector is a disaster.

I used to work in the corporate and government sector, and wages are much higher there. The reality is that to work in this sector you have to have a partner that is earning enough money or, like me, have inherited money that you can use to supplement your income.

For me, as I eat into that inheritance and start to approach 50, there is a real question about how long I can financially continue to work in the sector.

There is also the issue of security of employment, with many having to rely on short-term contracts. All this makes it hard to attract and retain staff, especially skilled staff. This has implications for the quality of services we can offer.

Then there is the combination of underfunding, the sheer amount of work, as well as the number of people in need, creating an increased risk of burnout and vicarious trauma.

There is a need for the government to fund the sector adequately for the work it's doing. Given the services the sector delivers and the number of people in need, the funding model isn't sustainable.

A lot more money needs to go into prevention and early intervention, rather than just crisis responses. I think you could, for example, compare the amount the NSW government put into prevention and early intervention for domestic violence, with the amount that Victoria put into the same issues... our sector is very underfunded compared to theirs.

Dana Clarke

**CEO OF BURRUN DALAI ABORIGINAL CORPORATION
AND CHAIRPERSON OF THE NSW CHILD, FAMILY AND
COMMUNITY PEAK ABORIGINAL CORPORATION (ABSEC)**

AbSec provides child protection and out-of-home care policy advice on issues affecting Aboriginal children, young people, families and carers. As an Aboriginal Community Controlled Organisation (ACCO), Burrun Dalai delivers holistic early intervention, family preservation, and out-of-home care services across the Nambucca, Macleay, Hastings and Manning Valleys as well as the Tamworth and Armidale Regions.

I am a proud Biripi and Worimi woman and have worn a range of hats throughout my career, working across Aboriginal health, child protection, sexual assault and mental health for over 25 years. I'm CEO of Burrun Dalai where we have about 160 Aboriginal staff and 20 non-Aboriginal staff, including an NDIS coordinator. At AbSec, we are informed by our members and community to ensure that Aboriginal perspectives are included in government policy and reform directions. I've been active as a Board member since 2005.

There are too many of our kids in out-of-home care, within a system that is overshadowed by punitive practices towards Aboriginal people. Growing up as an Aboriginal person, I realised that we needed more people working for our families and communities, representing Aboriginal people. To me, family is everything; it is our past and our future.

40 per cent of children in out-of-home care in NSW are Aboriginal children, while only 5 per cent of the population is Aboriginal. Why then do policies reflect mainstream practices? Our own policies are needed.

We had the Department of Communities and Justice introduce an Aboriginal Case Management Policy that's more about community participation and people in the community making the decisions, rather than the government. That was a recent success. The impact is huge and it will be looked at on a national level too. Aboriginal people have a unique culture, a unique belief system, a unique way of connecting, and our spirituality is so important. I think the Aboriginal Case Management policy will allow Aboriginal kids to experience these things.

Aboriginal people work in their communities for better communities. We do far, far more than we are paid to do. So much is unfunded.

Looking back to when I first started this work, we had very little voice. I wasn't even a citizen of this country when I was born.

When I began working in this area, there weren't many Aboriginal Controlled Community Organisations. At the time, a lot of money was put into Aboriginal issues, but without consulting Aboriginal people, so most of what was done was done without an Aboriginal voice. We were told what to do, and how to do it.

There's been a big shift since then. There's an amount of respect we have now that we didn't have then - a recognition that we know what's best for our communities and our children. There are things that have changed in my lifetime, and that's amazing, but it's not enough.

Everything that we do is overshadowed by a non-Aboriginal lens. We always have to work to have our voices heard and understood, and not have them filtered through a system that doesn't acknowledge our differences. Every day, I live in a non-Aboriginal society, and every day, I navigate my way through a system that is not designed to support us. We're the world's oldest surviving race, the most researched people in the world. We're asked questions. Asked for input. Yet Aboriginal voices are 'listened to', but we are not heard. Governments 'listen' to us and take away what they want to hear, and that will always be a challenge. I'd love to see Aboriginal people running and designing these consultations.

I'm very very likely to recommend this work. It's hard work. The decisions you make can sometimes impact lives forever. It's very emotive, and frustrating at times. It's not a 9-to-5 job. You live and breathe in your community, and you know what goes on all the time.

It is such important work. But there's no way of removing yourself from the vicarious trauma and having to face the consequences of the forced removal of our children every day.

Sometimes it breaks my heart. It's so important to look after yourself while you do it and doing things that are soul-supporting. Doing cultural and traditional practices. Weaving. Meditation in our cultural way. Language is another way we look after ourselves. You don't want to overload yourself with things that aren't achievable, but instead acknowledge the little things, and for how far you've come. And this work isn't about changing 250 years of history immediately, but about changing our place in society one day at a time.

CHALLENGES FACING THE SECTOR

The Social Sector performs critical work across NSW, supporting individuals, families and communities. COVID-19 and the sector's response illustrated its ability to adapt and provide support and care when and where it is needed. During COVID-19 almost 90 per cent of community sector organisations in NSW reported they had moved at least some of their services online.¹⁵

The Social Sector also managed a large increase in demand for services, including for domestic violence, homelessness and mental health services during the pandemic.¹⁶ For example, Lifeline answered 25,000 calls from NSW residents in the 4 weeks to 27 September 2020, a 37.6% increase from the same time in 2019.¹⁷ Kids Helpline reported a similar increase of 37.3% in contacts answered compared to the same time in 2019.

However, the adaptability shown by the Social Sector hides the many challenges it faces in meeting the needs of clients today and into the future, including:

- Significant existing levels of unmet need which will grow with rising disadvantage as the impacts of the COVID-19 economic downturn continue to be felt;
- Low wages, vulnerability of the workforce (especially migrant care workers),¹⁸ lack of career paths and worker fatigue, which make attracting and retaining staff challenging;
- Additional labour supply challenges in regional areas;
- Delivering services that meet the needs of Aboriginal and Torres Strait Islander people;
- Risks associated with planning and investing, due to inadequate and uncertain funding and the prevalence of short-term contracts in the sector;
- The number of small organisations that while nimble, can lack the scale needed for workforce development; and
- Issues associated with the sector's unique mix of professionals and volunteers.



High Levels of Unmet Need

While there is an important focus on the growing demand due to changing demographics, which will require additional investment from government, there is significant existing unmet need for services, which places the Social Sector under constant stress:

- In 2019-20, 56 per cent of requests for crisis accommodation were not met, leaving 21,790 people homeless or at risk of homelessness.¹⁹
- 41.2 per cent of people with a disability in NSW reported that their needs were only partly met or not met at all in the latest ABS Survey of Disability and Carers.²⁰
- Only 40 per cent of domestic violence is currently reported.²¹
- 45,000 people in NSW will not receive psychosocial support services at the full implementation of the NDIS.²²
- Over 94,000 mental health related emergency department presentations in NSW each year, a 76% increase from 2004-05 to 2017-18.²³
- 32,660 people in NSW were waiting for approved home care packages in January 2021.
- 51,000 people are on the public housing waiting list in NSW, including 5,308 in priority groups.²⁴

Previous modelling by Equity Economics has highlighted that the economic downturn resulting from the COVID-19 pandemic is exacerbating entrenched disadvantage across NSW and placing many on the precipice of disadvantage for the first time, with particular groups and locations being harder hit.²⁵ Without intervention, this will put further pressure on the Social Sector and increase unmet need into the future.

Attracting and Retaining Staff

The Social Sector has faced persistent challenges in attracting and retaining staff. Unless addressed, these issues will become increasingly challenging as the workforce grows.^{26,27}

Would I recommend the sector to a young person? Absolutely, and with no reservation. Our purpose is to care for people in need, people who have been discriminated against, people who have been denied access to services. What could be more attractive as a career? To walk with these people as they find joy and aspiration in life... what more wonderful opportunity is there?

JACK DE GROOT,
NSW CEO, St Vincent de Paul Society

In a 2017 NSW survey of community organisations at least a third of organisations reported difficulties recruiting and retaining staff.²⁸

55 per cent of organisations under the NDIS reported they could not provide pathways for staff to advance their careers.

Analysis of the latest job vacancies data from the National Skills Commission shows that organisations in regional areas face particular challenges. Over the five years to 2021, demand for carers and aides, health and welfare support workers grew 160 per cent in regional NSW, while remaining relatively stable in the Sydney area.²⁹

TABLE 1 VACANCIES IN KEY SOCIAL SECTOR OCCUPATIONS

REGION	GROWTH IN VACANCIES JAN 2016 - JAN 2021
Blue Mountains, Bathurst & Central West NSW	224%
Dubbo & Western NSW	168%
Gosford & Central Coast	63%
Illawarra & South Coast	118%
NSW North Coast	183%
Newcastle & Hunter	138%
Riverina & Murray	441%
Southern Highlands & Snowy	139%
Tamworth and North West NSW	119%
Sydney	0%

Many join the Social Sector to make a difference in people's lives, but ultimately leave due to low pay and poor conditions. Mental health issues due to chronic stress are a major challenge, particularly in the aftermath of the COVID-19 pandemic.

Before the pandemic a national survey of community sector staff reported that:³⁰

- 59 per cent felt emotionally drained from their job; and
- 58 per cent felt under pressure to work harder in their job.

These pressures have only been heightened by the increase in demand through the pandemic.

"During COVID-19, I felt like I couldn't complain because I was very lucky to keep my job. But keeping my job meant a lot more stress and fatigue than in a regular year and I had a mental breakdown at the end of 2020. The cumulative stress of this role really impacted me."

SARAH is a case manager at a women's refuge

Low Wages

Low wages are a consistent issue across the Social Sector. Workers often earn rates well below similar or lower skill levels in other professions.³¹

The Aged Care Royal Commission highlighted this issue within the aged care sector in its final report, and recommended that "wage increases should be an explicit policy objective of aged care funding".³²

Full-time personal care workers on award rates of pay earn between \$20.73 per hour and \$25.18 per hour, which is only marginally above the minimum hourly wage set by the Fair Work Commission of \$19.49 per hour.

Meeting the Needs of Aboriginal and Torres Strait Islander Communities

The Royal Commission into Aged Care highlights that Aboriginal and Torres Strait Islander people do not access services at the same rate as indicated by their need. This is due to a combination of factors including a lack of culturally safe care, and the ongoing impacts of discrimination. But it also reflects that "definitions of disability, long-term health conditions and unpaid care as used by researchers, health and other service providers are not always the same as those used by Aboriginal and Torres Islander people, who can bring different cultural approaches to these life circumstances."³³

Aboriginal and Torres Strait Islander people often prefer to receive care from Aboriginal and Torres Strait Islander organisations because it better meets their needs, including for cultural connection and safety, and can deliver improved outcomes when compared to mainstream services. However, these organisations need more resourcing and workforce development to grow and meet the needs of Aboriginal and Torres Strait Islander communities.

"We always have to work to have our voices heard and understood, and not have them filtered through a system that doesn't acknowledge our differences."

DANA CLARK,
CEO of Burrun Dalai Aboriginal Corporation and Chairperson of the NSW Child, Family and Community Peak Aboriginal Corporation (AbSec)

For example, while Aboriginal and Torres Strait Islander people account for 30 per cent of people seeking homelessness services, the number of Aboriginal Community Controlled Organisations providing these services remains low.³⁴

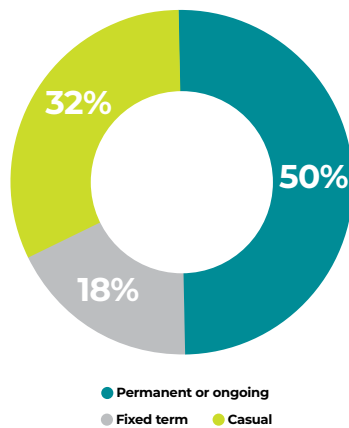
Meeting the needs of Aboriginal and Torres Strait Islander people into the future will require the funding of more Indigenous led services and solutions that meet the diverse needs of communities, and an expansion of the Aboriginal and Torres Strait Islander Social Sector workforce.

Casual and Fixed-Term Nature of Employment

Estimates show that half of employees within the sector lack the stability of permanent employment.³⁵

For some, this is a choice. Yet for many, the precarious nature of employment presents significant challenges with almost half of organisations reporting that casual staff had requested increased hours.³⁶

FIGURE 2
TENURE OF EMPLOYEES
IN THE SOCIAL SECTOR



Inadequate and Uncertain Funding

As demand for services grows and complexity increases, there is an ongoing need for the Social Sector to deliver more for less. Low interest rates present a significant risk for the sector, with returns on cash reserves below inflation undermining financial sustainability.

Many organisations in the Social Sector rely on government revenue, and the perpetual uncertainty over government funding from year to year makes financial planning difficult and creates additional costs. Rather than investing for the future, organisations have to manage short-term funding uncertainty.

While COVID-19 is increasing demand for many services in the sector, a reduction in charitable donations of 7.1 per cent in 2020, followed by an 11.9 per cent drop in 2021 is forecast.³⁷ This will undermine both the viability of many providers in the sector and the number of services that can be provided.

A 2020 Survey of Community Organisations asked what would make the biggest difference to financial viability over the next twelve months. 63 per cent of respondents said 'more funding from Government', with the next most popular response being 'greater contract certainty', chosen by 47 per cent of respondents.

INADEQUATE FUNDING A RISK TO SERVICE QUALITY AND SAFETY

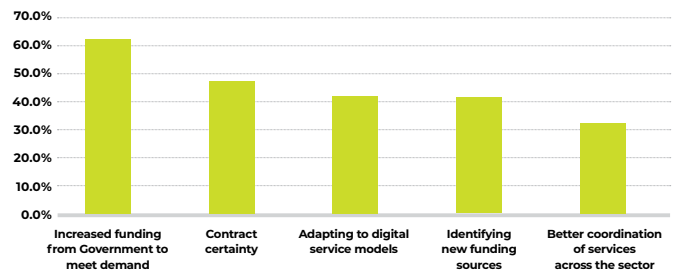
The Aged Care Royal Commission with its stories of neglect and poor quality care has highlighted the issues that can emerge due to insufficient funding, with the Commissioners concluding:

"The current state of Australia's aged care system is a predictable outcome of these measures to limit expenditure and ignore the actual cost of delivering aged care."

As the Disability Royal Commission continues there are similar stories of neglect and abuse emerging, largely from a system that was severely underfunded prior to the rollout of the NDIS.

While funding may not be the only solution, where adequate funding is not provided to cover care and support services there are clear risks to quality and safety of care. If women cannot get services from domestic violence providers or be housed by homelessness services, they are at greater risk of ongoing harm. Where people suffering poor mental health cannot access services they are at greater risk of self-harm and suicide. If foster carers are not properly supported, children in their care may not be adequately supported.

FIGURE 3 TOP FIVE AREAS IMPORTANT FOR SUSTAINABILITY



Source: Equity Economics (2020)



Small Organisations

The NSW Social Sector comprises 7,852 organisations, of which 6,923 have fewer than twenty employees.³⁸ This includes all organisations providing aged care, child-care and other social assistance services, but not the 89 community-managed mental health services that play an important role in the delivery of mental health support.

While a number of larger organisations are active across the state, these smaller groups are delivering vital services but often without the human resource capabilities to invest in the workforce.

“Small community organisations are so resilient. But the funding issue means they are not delivering the level of quality to clients that they want to. And they are certainly not able to support staff in the way that they deserve.”

KATHERINE,
Former Aged Care and multi-purpose
Community Centre CEO

Mix of Volunteers and Professionals

The sector relies heavily on a volunteer workforce, with a quarter of its economic value coming from volunteer contributions. However, integrating volunteers into professional service delivery is often complex. A 2016 Survey of Volunteers asked how volunteering could be improved, and after ‘having more volunteers’ respondents nominated ‘more training and professional development opportunities’ as their top priority.

The unique mix of volunteers and professionals within the Social Sector can be challenging as roles can become blurred and differences in training and experience create difficulties in service delivery.

“You’re often getting volunteers or new people coming in to do work with people with very complex needs. This is challenging in terms of the quality of the client experience but also for the confidence and mental health of volunteers and entry-level staff. It can be quite terrifying to work with a client when you are completely out of your depth as an unskilled practitioner.”

ELIZABETH,
an experienced employee working
within domestic violence

Volunteers can also face significant stress and may not have the same access to supports as permanent staff.

Conclusion

As the size and economic importance of the Social Sector grows, the challenges it faces will become more critical. As with other industries there is a need for greater stewardship and planning to ensure it has the workforce it needs for the future and the capacity to grow. In the next section we look to other jurisdictions on how they have addressed similar challenges.



Susie

A BOARD MEMBER WORKING AT THE REDFERN FOUNDATION

Susie is on the Board of The Redfern Foundation, which is based in Surry Hills, NSW and links Aboriginal community organisations with the wider community.

LOCAL COMMUNITIES SUPPORTED

Mudgin-Gal, meaning 'Women's Place', offers support for women, girls and their young families through drop in and in-home family support; legal, medical and accommodation referral and educational and vocational support programs. Mudgin-Gal's 'Black Out Violence' campaign is acknowledged as a best practice model for addressing family violence in urban Aboriginal communities. Empowerment of women is a major aim of Mudgin-Gal.

Babana Mens' Group runs activities and programs addressing a range of issues including men's health, family relationships, anti-violence, anti-drug and alcohol campaigns, post-release programs and more. 'Babana' means 'brother' in the Dharuk language and is a common greeting among Aboriginal men – the term expresses the spirit that underpins Babana.

The Tribal Warrior Association helps Aboriginal people gain employment qualifications in the maritime industries. It also provides them with recreational, social and educational opportunities that help revitalise traditional cultural values and, through its regular open-to-public cultural harbour tours, helps forge a vital link of appreciation, respect and understanding between Aboriginal and non-Indigenous people.

The Redfern Foundation supports Aboriginal community organisations that give support and care, by connecting them with the wider community, and sourcing funding from the private sector to support their programs.

As a Board member, my responsibilities focus on funding. My role is finding the funds. There are three Aboriginal directors who are the heads of their community organisations. They decide where the funding should go, without any input from the Board and the Foundation, and independent of each other.

One of the organisations funded is Mudgin-Gal, meaning 'Women's Place'. It provides services across domestic violence, childrearing, and education. Volunteers with these organisations are all from the Aboriginal community. This is part of their life, so they don't really complain if they

are not being supported enough. But it can be very stressful for these volunteers, because each story is a new story, with a new person and a new family. Aboriginal women are used to hearing stories of domestic violence and handling that as friendship groups or family groups, but it is still very traumatising.

The volunteers working in these programs need as much support as the programs themselves do. However, we couldn't have a funder just try to come in and be involved in the handling of such critical issues.

The best support is often financial support. I think the absolute best reward for volunteers is to have the programs they're working on and the people they're working with adequately funded, so that these programs can continue. They join an organisation to see things improve, but programs closing due to lack of funding can take a large toll. There's very little government funding available, and community-led programs need operational funding, not just for programs. Everyday funding of these organisations is needed to keep the programs – and the volunteers – going.

Gemma

LONG-TERM FOSTER CARER, CENTRAL WESTERN NSW

As a foster carer, Gemma* and her partner Ed currently have responsibility for two young children. This includes all aspects of parenting. Gemma and Ed are out of pocket ensuring the children have access to ongoing trauma-informed therapy.

Over 10,000 carers are needed in NSW. I volunteer in carer support, and carers are dropping away.

One of the reasons we lose carers is lack of support, but the other reason is a lack of transparency about what the role actually is, and how it will affect you and your family.

It's exhausting, and often you get no break. I know of really good carers who have left the system, simply because they just can't do it anymore. The need for carers never ends, but their own needs are not being met.

As a carer, you very often have no support, especially in regional areas. Indeed, support can be taken away in an instant, like we saw recently when one of the independent foster care organisations lost their tender. We lost face-to-face support just like that. So you're on your own. It's also very different out here when you're trying to find specialists for the children. They may need an urgent paediatric assessment. But then the wait is six months. By that

time, some kids have completely broken down or have been through numerous placements. NDIS can take a year. Often, by that point, the children have been through two or three foster homes due to a lack of support for them and their carers. The situation in Sydney is better – you have more options.

People are coming into foster caring, saying "I have a spare room." And that is great. It truly is. But it is so much more than "a meal and a bed".

There is never a moment off. I don't think people understand the extent of it. I've had very young children disclosing very serious family trauma and this in itself is traumatic as a carer and it affects you. And you can't stop. You just keep going. You lose friendships, close ones as some people cannot cope with the sometimes-challenging behaviours of the children in your care and simply don't understand. You lose yourself. But you keep going. It is so, so much more than just providing somewhere to sleep.

Sarah

CASE MANAGER AND GROUP COORDINATOR AT A WOMEN'S REFUGE

Sarah* is a case manager and group coordinator at a women's refuge. During her four years in the Social Sector, she has worked at three services.

I love my workplace and I have a really good manager. We're a tight team and very flexible.

Most of the women visiting us are isolated and in crisis, facing homelessness, domestic violence, mental health or addiction. Our family reunification work is hugely rewarding.

The impact of the sector cannot be overstated. This has been magnified during the pandemic where we started to see women visiting the refuge who told us, "I never thought I would need a place like this." COVID-19 also emphasised that it was those in the sector who were very much at the forefront during this time. When everyone else worked from home last year, we went back full time in May. When everywhere else was closed, who had their doors open?

I have good training at present. Yet my last employer didn't really support training. They thought training was just a financial burden on the organisation. I have friends who have

applied for other roles and some of the positions they are looking at do not receive any clinical supervision at all – even in areas where they are likely to be working with extremely confronting content, such as working with sex offenders. Some organisations only offer group supervision. In terms of burnout and fatigue and longevity and stress, I would say that in every single role, clinical supervision is the absolute bare minimum.

There is a stark contrast between pay levels in my current role and in other opportunities outside of the sector. I'm a qualified lawyer and if I was working in law, I could work for three days or four days and get the same amount as I do here for five days. For the level of stress in a role like this, for the level of pay, it's not really the most efficient way of working. My HECS debt is pretty high. If I stay on my current career trajectory, I may never be able to be in position where I'm not in debt.

I find switching off very difficult – it is like there is no "off button" – and it would be hard to take a break without significantly impacting my career. In considering whether I would recommend the sector to a friend, I have to say that it depends which friend. Skills such as strong boundaries would be crucial. It's not for everyone.



MEETING THE CHALLENGES

The challenges facing the NSW Social Sector are not unique other jurisdictions around the world grapple with similar demands to do with ageing populations and growing Social Sector workforces.³⁹ Adequate planning and funding models, linked to population demand and evidence of need, are critical.

To date, NSW's Social Services policies have looked at how to address the challenges through:

- Making the Social Sector an attractive career;
- Retaining existing staff and volunteers; and
- Enhancing quality and productivity within the Social Sector.

In addition to the Social Sector Transformation Fund established by the NSW Government in its 2020-21 Budget, a number of policies and programs exist within these priority areas, with examples including:



MAKING THE SOCIAL SECTOR AN ATTRACTIVE CAREER

- LifeLauncher online career matching program for young people (Beta release).
- 2020-21 Early Childhood Education Scholarships Program.



RETAINING EXISTING STAFF AND VOLUNTEERS

- Way Ahead for Aboriginal People provides mentoring services for Aboriginal apprentices and trainees.
- Recovery Boost program provides \$50,000 grants to improve workplace mental health.



ENHANCING QUALITY AND PRODUCTIVITY WITHIN THE SOCIAL SECTOR

- Smart and Skilled training subsidies.
- Translational Cancer Research Program improves the interaction between different care providers.

Strategies to Make the Social Sector an Attractive Career

A number of other jurisdictions have implemented policies to make the Social Sector a more attractive career, in order to ensure that the workers needed to meet growing demands can be attracted into the industry.

TABLE 2 EXAMPLES OF THE APPROACHES WITHIN OTHER JURISDICTIONS

 <p>MAKING THE SOCIAL SECTOR AN ATTRACTIVE CAREER</p>	<p>"I would recommend this work. It's very hard work, it's very emotive, and frustrating at times. It's not a 9-to-5 job. You live and breathe in your community, and you know what goes on all the time."</p>	<ul style="list-style-type: none"> ○ USA: Business leaders promote impact of early childhood education and care on the nation's workforce and economy at regular New York based summits. ○ UK: Early Years Workforce Commission's 'A Workforce in Crisis: Saving Our Early Years' report focuses on changing the narrative, calling for change in terminology from childcare to early childhood education to emphasise that the sector does much more than allowing parents to return to work. ○ WA: 2020-30 Disability Strategy includes focus on increasing accessibility of place-based training resulting in more qualified disability support workers in the Kimberley and the South-West.
 <p>RETAINING EXISTING STAFF AND VOLUNTEERS</p>	<p>"Volunteering can be hugely confidence building for individuals. Yet we've seen a decline in volunteers... partly because of the aging of volunteers."</p>	<ul style="list-style-type: none"> ○ VIC: Portable benefits scheme enables Victorian community services, contract cleaning and security workers to take long service entitlement with them if they change employer, but remain in the industry. ○ Singapore: Provides clear 3-track career pathways for teachers (Teaching, Leadership and Senior Specialist). ○ USA: Legislated caseload management with minimum nurse-to-patient ratios in California limits the number of patients each worker can take on.
 <p>ENHANCING QUALITY AND PRODUCTIVITY WITH THE SOCIAL SECTOR</p>	<p>"What could be done better? Part of it is training. Everything was pushed online because of COVID. Webinars. Webinars. Webinars. Nothing beats face-to-face training."</p>	<ul style="list-style-type: none"> ○ TAS: Upskilling casual disability workers via traineeships. ○ USA: Training and career ladders for higher paying jobs.

CAREER PATHWAYS – IMPROVING THE TRANSITION FROM TRAINING TO WORK

COVID-19 has sparked significant changes in the broader Australian workforce, driving many workers to seek new careers. The Victorian Government has invested \$10 million in accelerated teacher training programs to help new graduates and pandemic-affected workers train for a new career.⁴⁰ In Tasmania, the Disability Sector Traineeship Pathways Program supports NDIS providers to take on trainees.⁴¹

IMPROVING REPRESENTATION OF SPECIFIC WORKER GROUPS

In Norway, the Government is aiming to attract men to aged care, health care and early childhood education and care.⁴² Through a law which allows employers to 'favour' men over equally qualified women, the country has significantly increased gender diversity within its caring workforce. A local training scheme also exists for Norwegian men to become medical assistants.

The 2020-30 Disability Strategy in Western Australia includes a focus on increasing access to place-based training in regional areas. Implemented through the state's Department of Training and Workforce Development, the program aims to see more qualified disability support workers in the Kimberley and the South-West.⁴³

LANGUAGE AND NARRATIVE

Language matters, and lifting the social status of the Social Sector and its perceived value as a career is an important pillar in attracting more workers.

Within the United Kingdom, the Early Years Workforce Commission's 'A Workforce in Crisis: Saving Our Early Years' report focuses on changing the narrative around early childhood education and care, calling for change in terminology from 'childcare' to 'early childhood education' to emphasise that the sector does much more than allowing parents to return to work.⁴⁴ In the United States, business leaders promote the impact of early childhood education and care on the national workforce and economy at regular New York based summits.⁴⁵

BUILDING THE PROFILE OF THE SOCIAL SECTOR

In the United States 'The Biden Plan for Mobilising American Talent and Heart to Create a 21st Century Caregiving and Education Workforce' has committed \$USD775 billion over 10 years into the 'infrastructure of care'.

"Even before the pandemic, our country was experiencing a caregiving crisis... caregivers and early childhood educators – disproportionately women of colour – have been underpaid, unseen, and undervalued for far too long."

JOE BIDEN, President of The United States⁴⁶

The caregiving workforce is a central focus of the policy, which calls out the importance of:

- Higher wages and long-term rewarding careers as "critical ingredients to delivering high-quality care and education."
- Training and career pathways, including "ongoing, job-embedded training and professional development."
- Future workforce pipeline.
- The peer workforce with an additional peer support investment for veteran care.

"One thing that I think is really important is supervision. We have always had that and now, with COVID-19, we are doing daily check ins."

NADINE, Experienced Practitioner working with culturally and linguistically diverse (CALD) clients

"A core value of peer work is inclusiveness. We do things "with" rather than "for" and we specifically include people accessing the services. Most of our peer workers have had their own experiences with mental health, and draw on their personal recovery journeys when working with people."

CHRIS GRUMLEY, Team Coordinator Peer Specialist, Flourish Australia

Retaining Existing Staff and Volunteers

IMPROVING PAY AND CONDITIONS

Given the prevalence of casual and contract work in the Social Sector, it is often challenging for workers to accrue long service and sick leave. The pilot portable benefits scheme in Victoria enables community services workers to take long service entitlements with them when changing employer, but remaining in the industry.²⁷

In California, legislated caseload management mandates minimum nurse-to-patient ratios. This enables the enforcement of maximum numbers of patients per worker. More broadly, in the United States, the importance of improving pay in the care economy is emphasised within the current policy agenda. (See page 35)

Quality and Productivity within the Social Sector

IMPROVING TRAINING QUALITY

In Finland, the Helsinki Ministry of Education and Culture allocated funding for training that allows early childhood education and care employees with different backgrounds to obtain qualifications to become Early Childhood Teachers.⁴⁸

In Victoria, a Future Social Service Institute has been established, which is a collaboration between VCOS, RMIT and the Victorian Government. It sets out to drive innovation in education, training and applied research to enable growth and transformation of the sector.

The philanthropically funded Australian social enterprise Future Tracks focuses on upskilling the early childhood education and care workforce (in partnership with universities) at a national level.⁴⁹

DATA DRIVING AN UNDERSTANDING OF THE WORKFORCE

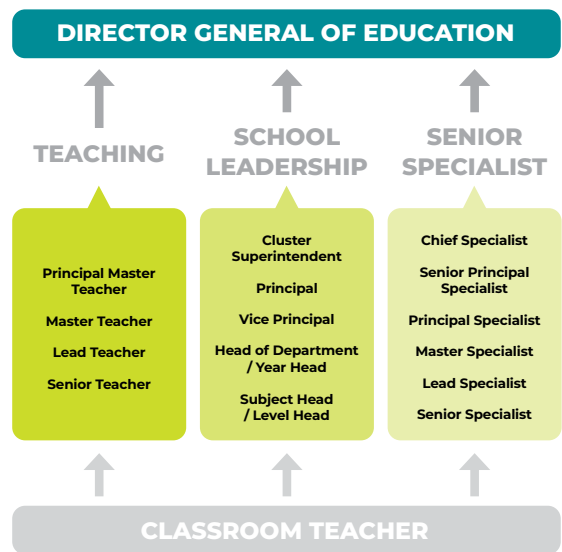
In the United Kingdom, comprehensive workforce data is collected through the National Minimum Dataset for Social Care (NMDS-SC), enabling measurement and monitoring of the social care workforce. Four key strengths of this approach have been identified, including:⁵⁰

- Improved workforce planning.
- A means for independent assessment of the state of the workforce within the sector.
- Central management of information which is provided to the 'Skills for Care' agency, rather than to individual funders; and
- Having key occupations regulated by a central agency, the General Social Care Council, which provides opportunities for data capture.

LEADERSHIP DEVELOPMENT

Strong leadership drives productivity. At a national level, Health LEADS Australia has developed a health leadership framework to define leadership capabilities in the sector. In 2019, the national Aged Care Workforce Industry Council was formed.

Singapore provides clear three-track career pathways for teachers (Teaching, Leadership and Senior Specialist)⁵¹



Lessons for NSW

Overall, it is clear that governments around the world, including the NSW Government, are taking a more active role in the Social Sector. This reflects the sector's intrinsic importance of the sector and its growing role in global economies.

In the next section, we draw on these approaches alongside the identified need for investments, to make a number of recommendations on how NSW can ensure it capitalises on the potential for growth in the Social Sector.

Nadine

BUSINESS MANAGER WORKING WITHIN A SPECIALISED HOMELESSNESS SERVICE FOR THE CALD COMMUNITY

Nadine* has 25 years' experience in the sector, with current clients including CALD women from all religions and backgrounds.

I began my career in the sector working within crisis accommodation as a volunteer. From there, I had opportunities to become a casual, then a part-time staff member and finally various full-time roles. There was also some study along the way.

I love what I do. Otherwise, I wouldn't have been here for 25 years!

It is very rewarding work. Seeing the smile on children's faces – it really is an experience you can't get anywhere else. Prior to working within the care economy, I asked myself, "Do I really want to be here?" Now, I am making a difference every day. I would be highly likely to recommend my work to a young person. Having said that, there were probably more career opportunities when I started.

Like most senior people working within homelessness, I wear a lot of hats. I have responsibility for business management. I empower other workers through

mentoring and coaching. Perhaps most importantly, I'm involved in direct service delivery too. The impact of our service is profound. 99% of the time, it is like we have just taken away the problems for our clients. If we weren't here, working on the ground in suburbia, a lot of people in need would not be able to access these services.

One of the hardest parts of my role relates to competition within the sector. This plays out in a few ways. Sometimes it can be surprisingly hard to work with partners and other organisations. It can feel competitive, rather than us all being aligned and primarily focused on the client. And what is even more trying is losing staff members to other organisations, especially where my team and I have put in a lot of dedicated effort to train people. The number of resignations, especially of experienced staff, is difficult to cope with. There is a lot of competition with others offering more money. And they know we do great training. For those leaving, it is always about pay. If someone offers even an extra \$5 an hour, we will lose that staff member.

Jack de Groot

NSW CEO, ST VINCENT DE PAUL SOCIETY

As NSW CEO, Jack has responsibility for all aspects of executive management and strategy. St Vincent de Paul has a long history of combating social injustice and supporting people in need.

There are so many opportunities for the Social Sector workforce. Some relate to the highly flexible nature of the work (especially recently with the pandemic), as well as the connectivity we can now offer staff, volunteers and clients. For those with skills in partnerships, enormous opportunity exists in the context of the interrelation between the sector, government, philanthropy and the private sector. Where there is more room for an understanding of partnerships, we can have robust conversations and ask ourselves, "What do we all bring to bear, in meeting the challenges of racism, sexism, discrimination? What can we all bring?" One example where this has been really successful is the End Street Sleeping campaign, which is a marvellous collaboration between the sector and government.

Optimism is crucial when thinking about the future. It's fair to say we could all be a bit more 'misty-eyed'. At the same time, a lot needs to change. Sometimes it's unfortunately – and appropriately – 'the type of misty-eyed that is more like tears of rage and anger'. This can be the case at times when engaging with government.

While there is room for optimism, many challenges are ahead. For example, there are many, many people with disability that we are simply not reaching. That need is extraordinary. We must do better.

Regarding the workforce, having a trained workforce, who are remunerated appropriately for that extraordinarily important work is essential for us to work through and achieve.

Care needs in NSW are growing. There will be more aged care. More people with disability living longer.

The fundamental remuneration issue in the sector is that employment is insecure due to short-term contracting. In that context, how do you foster not only loyalty, but also a capability focused on the continuous improvement of service provision? How can organisations do this when they might be out of business in a few years, and they might let that work go to someone else?

Where the workforce is insecure and casualised, how do you innovate and increase risk appetite? If you don't really know your workforce and you aren't paying them well, how can you achieve good outcomes?

Very sadly we saw the implications of these challenges in elder abuse in residential care.

There can also be a bit of a rhetoric of contracting for outcomes when the practice is contracting for outputs. For outcomes, a whole set of important skills are needed within the workforce, which requires more investment, enabling staff to be more innovative, better at design and monitoring and evaluation. When contracting for outputs, it can be very much volumetric. That is a different skill set entirely.

People are far more educated as they come into the sector. Skills are important. Safety is important. But we also need people who are committed to people in need, with a passion for justice and for being of service. The ability to build relationships is crucial and training on the job is also really important.

I take great joy in my role. It's varied. It's fun. Of course, that doesn't mean it's always easy.

Kate

VOLUNTEER WORKING WITH THE CHILD ABUSE AND SEX CRIMES SQUAD

Kate* volunteers informally in a range of roles in NSW, including both client-facing and strategic board positions.

About ten years ago, my close friend died and left me a lot of money to set up in her name. Through the Foundation, in addition to international projects, I fund civil court cases for victims of child sexual assault, and while keeping fees really low by doing the paralegal work myself.

In my role, I work with people who would otherwise fall through the cracks. Many are totally overwhelmed and traumatised from what happened to them. They may never have been in the system before. I help people to be calm and focused. By using these coping strategies, they are then able to give good evidence in Court. I also help with getting therapy organised. A few of the young people have been in a really bad state. One Christmas Eve, the Sex Crimes Squad called me to tell me they had a young woman that they couldn't place anywhere because she wasn't an Australian citizen. She stayed with me for three weeks.

I also sit on the Board for a support network group for historical child sexual assault of males. I remember one man who was just so traumatised. We managed to get him a very large settlement. He found it such an empowering process to finally get justice for something that happened to him in his childhood, so much so that he decided he wanted to study law and become a mediator for people involved in child sexual assault.

For the organisations I volunteer with, it can be such a constant struggle to get enough funding. By allocating money to this problem, by educating these children and keeping them in school, we can help them

to become taxpaying citizens. Instead, these organisations aren't given enough money, and when it runs out, these individuals are expected to jump through so many hoops and wait a long time to get any more.

I don't intend to give up my volunteering work. I really enjoy it and I find it very rewarding. Of everything that I've done, I can count only one or two times that have not been a totally satisfying experience. I can't understand why a lot of people don't volunteer. I have found with the people that I've helped, I always get them involved in volunteering, because it helps them to see that they're not the only people that bad things happen to. It makes them feel like they are doing something worthwhile.

• **I think resilience is really important in this work. People can be taught skills so that when it gets too much, they have coping strategies that they can use. I had to figure that out for myself, but if someone had told me that, it might have made it a little bit easier. When I say that, it sounds difficult, but it isn't. I just do what needs to be done.**



Katherine

FORMER CEO WORKING WITHIN AGED CARE AND MANAGING A MULTI-PURPOSE COMMUNITY CENTRE

Aged Care and Community Centre CEO roles include a wide range of responsibilities, within community programs and aged care, across all aspects of management.

I have a background in government – I worked for Federal, State and local government in a range of community service and social policy positions, working with young people, individuals with disability and Aboriginal and Torres Strait Islander people. I then moved into the NFP sector in aged care.

My work is very personally rewarding and it is a great opportunity to help and support people. At the end of each day, you feel like you have achieved something and you feel you have been able to make change through policy or on a 1:1 basis to support someone to navigate the complexities of the system. For example, in aged care – just being able to support someone through the system, so they can live their life to the fullest, is really rewarding. But the money is not wonderful. The career opportunities are very limited. You might be able to move sideways. You might be working for multiple organisations at once to get a decent wage.

• **For anyone working in the sector, it is really hard to navigate any kind of career path, especially in a smaller organisation.**

The structure of funding also makes things really difficult. Funding is for programs. It is not for opening

the door or turning the lights on. So what do you do when the community shows up to your door because they need access to services or a referral or a food parcel? When you are a shopfront, people will keep coming through the door. Hundreds of people. That is really hard to resource. And that is really stressful for the workforce.

Everything goes back to the structure of funding. As a leader, I was very aware of the value of developing staff. But we could only cover the mandatory training. Beyond that, we could not do much more. It is one of those things that is really tough. You contemplate, "Do I reduce my staff so I can pay for additional training? But then how do I run the programs with less staff and still provide a quality service?"

The same happens at the senior level in terms of support. I was not aware of any specific management training and development in our area. I looked around for local CEO networks but opportunities were very limited. So you just do what you can through your own network to strategise with valued colleagues. Funnily enough, COVID-19 brought to the forefront many online leadership opportunities and I could provide these to my managers – mostly for free or low cost.

It's a perennial problem. It's a real issue – how to develop a quality workforce and provide development opportunities with limited resources.



CAPITALISING ON THE POTENTIAL FOR GROWTH

The future for the Social Sector in NSW is bright, as it continues to meet the needs of families and communities and contribute to economic growth. With an additional 62,000 jobs to be created over the next decade, the sector will continue to be an important source of new employment and positively contribute to the NSW economy, including in regional areas. But there are clear challenges in its capacity to grow and develop.

Internationally we have observed that it is partnerships between industry and governments that have the capacity to deliver the best outcomes, and lessons can be learned to ensure that NSW capitalises on the potential for growth in the Social Sector.

The NSW Government has already shown leadership within the sector, rapidly delivering a number of important programs during COVID-19, but there is a need for a more strategic approach that ideally would be led in partnership with the sector.



Priorities for Action

MENTAL HEALTH SUPPORTS

While working in the Social Sector is rewarding, stakeholders interviewed for this report have raised growing mental health concerns for the sector's workforce, stemming from the COVID-19 pandemic. In order for the Social Sector to support the people of NSW, it requires more support.

We recommend that the Government continue offering its employee assistance scheme to workers in the Social Sector, and invest funding in the 2020-21 Budget in tailored mental health supports for the workforce.

GREATER INDUSTRY STEWARDSHIP

The Social Sector should be viewed in its entirety and a clear strategy developed for how it can address workforce challenges and meet growing need in the community. This report outlines a number of potential measures used to strengthen the sector in other jurisdictions. However, more work is needed on a strategy for NSW through

consultation and collaboration between the Social Sector and the NSW Government.

We recommend that a Social Sector Growth Strategy should be developed that covers:

- Strategies to make the Social Sector an attractive long-term career.
- Measures for retaining existing staff and volunteers.
- Enhancing quality and productivity within the Social Sector.
- Planning to ensure the workforce of the future.

This strategy should cover the mechanism for developing clear career pathways within the sector; and policies to attract new pools of workers including males, Aboriginal and Torres Strait Islander people and people in regional areas. There is also a need to address the long-term mental health of the workforce, and sector-wide approaches to support workers in challenging roles.

In addition, there is a need for more planning that would allow improvements in quality and productivity across the Social Sector.

There is also a need to reform funding of Social Sector services to provide higher wages and meet underlying population demand.

As noted by the Aged Care Royal Commission, underfunding limits the ability of providers to deliver adequate and high-quality care, and there is a need to address low wages which will ultimately require more funding.

As population-wide demands continue to build over the next decade, there is a risk that existing funding mechanisms will not be able to keep up. This will lead to even greater levels of unmet need than are currently being experienced and undermine quality and safety across the sector. This risk is particularly acute at the State level, where funding for services is not commonly directly linked to demand (in contrast with Commonwealth funding).

We recommend that the NSW Government review its planning and funding mechanisms to ensure

they reflect population demand. Such an approach would need to identify the mix and level of services that should be available at a local, regional and statewide level to meet population needs, map this against existing services, and identify gaps and relevant local factors. This would then guide a systematic, transparent and evidence-based approach to investment.

Existing levels of unmet demand, coupled with deteriorating service systems and risks to care and safety as revealed by various Royal Commissions, suggest a critical need for such reform.

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APPENDIX

MODELLING METHODOLOGY

Number of Jobs in the Social Sector and Economic Contribution (employed)

In order to estimate the number of jobs in the Social Sector we defined the sector as covering:

- Aged care
- Early Childhood Education and Care
- Youth Services
- Homelessness and Housing Services
- Community Mental Health
- Domestic Violence Support

We constructed our estimate of using three sources of ABS data:

- Australian Bureau of Statistics (2020), Australian Industry, 2018-19 which included a specific focus on health care and social assistance;
- Australian Bureau of Statistics (2015), Australian National Accounts: Non-Profit Institutions Satellite Accounts; and
- Australian Bureau of Statistics (2021), Labour Force, Australia, Detailed, Quarterly, February 2021

In order to estimate the number of people employed and economic contribution we made the following assumptions:

- The state shares of output and employment were the same as outlined in Australian Bureau of Statistics (2020), Australian Industry, 2018-19; and
- The industry splits of total sector production were the same as in Australian Bureau of Statistics (2015), Australian National Accounts: Non-Profit Institutions Satellite Accounts for mental health services and legal services.

Growth in Employment

Using the current employment figures calculated for our employment estimates, we then projected growth to 2030 based on key demographic trends using the mid-range estimates contained in Australian Bureau of Statistics (2018), Population Projections, Australia and prevalence rates of disability by age for NSW from the Australian Bureau of Statistics (2019), Survey of Disability, Ageing and Carers 2018.

The following assumptions were made:

- Childcare industry employment would grow in line with the population aged 0-4. This is likely an underestimate as demand for childcare has grown over time.
- Disability industry employment will grow in line with the number of people with a disability, which was forecast using prevalence rates by age from the Survey of Disability and Carers.
- Aged Care employment will grow in line with the growth in the number of people aged over 80 years of age.

This methodology produced similar estimates for the period to 2024 as estimated by the National Skill Commission.

VOLUNTEERS

The contribution of volunteers was estimated using responses to the Household, Income and Labour Dynamics in Australia (HILDA) Survey, wave 18 and the General Social Survey 2019.

The responses for NSW on the number of hours spent volunteering for organisations was used as the baseline alongside household population weights to convert the sample statistics to population-wide estimates.

HILDA is a representative panel data set of the Australian population.

Data from the General Social Survey 2019 was then used to estimate the percentage of total volunteering hours which were undertaken for social service organisations. The economic benefit of volunteering was then calculated based on an opportunity cost methodology, with the average hourly wage in Australia assumed as the cost of one hour of volunteering.

ECONOMIC GROWTH

Victoria University modelled the economic impact of a number of investments across childcare, disability care and aged care in October 2020.²²

This makes a number of assumptions about the size of the stimulus, but effectively models the likely impact on hours worked, employment and economic growth using a CGE model.

It makes the following key findings:

1. More than 900,000 Australians who have unpaid caring responsibilities for young children, the elderly, or people with disabilities would like to work more hours in paid employment. If this could be facilitated by greater provision of government-funded care services, labour supply would increase by over 2 per cent.
2. More than 70 per cent of this additional labour input would be supplied by women, alleviating some of the disadvantage experienced by women in the labour market.
3. Supporting carers with additional government-funded service delivery and higher wage growth in the childcare, aged care and

disabled care sectors underpins additional economic growth such that GDP in 2030 would be 1.64 per cent higher than it otherwise would have been. This is equivalent to an average of \$1,266 per person per year in 2018-19 prices, or more than \$30 billion per year in aggregate.

4. Additional employment and higher wages in the care sector also directly supports women's employment and incomes, as these sectors account for a high proportion of women's employment.
5. This economic growth dividend underpins increased revenue from taxes on income and consumption, offsetting much of the cost to government of increased service delivery (including higher wages) in the care sector. In 2030, we estimate the cost of the additional service delivery to be \$19 billion, yet the additional impact on the government deficit is less than \$3 billion.

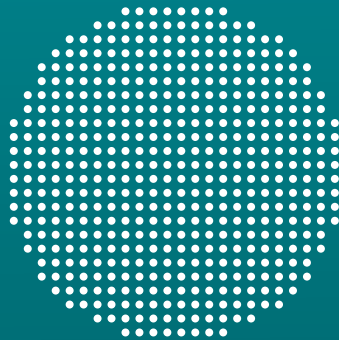
We estimate the economic benefits to NSW based on these baseline estimates and the NSW share of total economic output.

FOOTNOTES

1. In this report we define the NSW Social Sector as covering the provision of aged care, early childhood education and care, community mental health services, disability care, child protection, housing and homelessness services, community mental health, and domestic violence.
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8. See Appendix for methodology
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CASE STUDIES*

Please note, some names have been changes for anonymity.



EQUITY ECONOMICS

www.equityeconomics.com.au