

What is "the Social Economy"?

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The Australian Social Economy is much larger and more important than most of us realise at first glance. It is also very diverse and complex.

Some ballpark numbers (so they are easy to remember) are:

When talking about the sector, a range of names are often used interchangeably. They include non profit, not for profit, social economy and third sector. However there are subtle differences as depicted in the illustration below.

The other term that is sometimes misused is that of 'private enterprise'. Essentially all organisations that are not government run are private enterprises. It is their objective and mode of operation that are the prime differentiating characteristic. The framework below was developed by Gregory Dees (Private Initiatives for the Common Good, Dees, 1994).

While there are many organisations that make up the total social economy, only a very small minority have more than twenty employees or deductible gift recipient status.

Education, sport, health and human services organisations dominate the sector on most dimensions.

The majority of the income from the sector comes from sales. In 1999-2000, about 58% was generated from sales, 2% from interest and 40% from fund raising, of which 75% (or 30% of total income) came from government sources. (Source Lyons)

When we compare ourselves with other OECD countries, Australia ranks #6th out of 22 countries in terms of employment in the sector (7.2% of workforce). This is just behind the USA and just in front of the UK. (Source: The Non-profit sector in a changing environment, OECD 2003)

And as expected, the sector has been growing, roughly in line with inflation on a compound basis (Source: Lyons and ABS data)

