
4 Trends and perspectives on the not-for-profit sector

Key points

- There are around 600 000 not-for-profit organisations (NFPs) in Australia.
 - The bulk of these are small, non-employing organisations that rely on the voluntary contributions of members (and others).
 - In 2006-07 there were approximately 59 000 'economically significant' NFPs which have an active tax role (this includes all employing NFPs).
- The sector makes a significant contribution to the Australian economy. In 2006-07, it accounted for 4.1 per cent of GDP (which does not include the contribution of volunteers), employed close to 890 000 people and utilised the services of some 4.6 million volunteers. Three-quarters of volunteers across all NFPs contribute to culture and recreation activities or to social services.
- The sector experienced strong growth from 1999-2000 to 2006-07, but with considerable variations across activity areas:
 - contribution to GDP grew at an annual average rate of 7.7 per cent in real terms, to \$42.9 billion
 - sector value added grew to \$41 billion in 2006-07; a real annual average growth rate of 7.8 per cent: 26 per cent of this growth was due to growth in the combined environmental, development, housing, employment, law, philanthropic and international set of activities; 23 per cent to growth in education and research; 19 per cent to growth in health; and 15 per cent to growth in social services
 - NFP employment grew from 6.8 per cent of total employment in 1999-2000 to 8.5 per cent in 2006-07; all activity areas (except culture and recreation) reported positive growth in the number of employees
 - the value of volunteer time rose from \$8.9 billion in 1999-2000 to \$14.6 billion in 2006-07, with 2.2 per cent annual growth in total hours. It was however, very uneven, with strong growth in culture and recreation, and health; while, total hours volunteered declined in all other activity areas.

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Key points (continued)

- Around half of the sector's income is self-generated (including fees for goods and services). A third is received from government (including contracted government services) and around 10 per cent from philanthropic sources.
 - funding received from government has grown strongly, rising from 30.2 per cent of sector income in 1999-2000 to 33.2 per cent in 2006-07
 - personal giving has also grown strongly, notably since the introduction of Private Ancillary Funds in 2001
 - corporate philanthropy has become an increasingly important source of support and, for some NFPs, a more predictable source of income. The contribution is not fully reflected in the data as it is increasingly in-kind in nature.
- The sector makes valuable contributions in promoting social cohesion, providing cultural, environmental and other community benefits, and delivering human and other services. Survey results also suggest that NFPs are more trusted providers than government or corporate organisations.

This chapter provides an overview of trends in the not-for-profit (NFP) sector and perspectives on some of its attributes. It considers changes in the structure of the sector, activities undertaken by NFPs and the sector's use of resources. Much of the data is limited to economic contribution in terms of expenditure and employment, although coverage includes volunteers. This gives only a limited view of the sector's contribution which also includes social, environmental and cultural contributions.

4.1 What information is available?

Until recently, little information was available on the contribution of NFPs. In its report on *Charitable Organisations in Australia*, the Industry Commission (IC 1995) found that the contribution of these organisations was 'poorly documented'. Lyons (1998, p. 16) argued that there was an 'absence of a clear concept of a nonprofit sector and a clear understanding of the contribution of nonprofits across many fields'.

However, over the past decade, information has improved.

- The *Australian Bureau of Statistics* (ABS) has conducted a number of surveys to measure the sector's direct contribution to economic activity (ABS 2002, 2009c); the scale of volunteering (ABS 2007b); and the sector's role in a number of activities, including arts and culture (ABS 2009a), sports and recreation (ABS 2008b) and community services (ABS 2001).

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- The *Australian Institute of Health and Welfare* (AIHW) compiles regular data on funding sources and expenditure for organisations involved in providing health and welfare services, and the characteristics of those using these services.
 - *Governments* have initiated a number of studies on the sector, including on the contribution of volunteers and the role of the sector in strengthening communities and building social capital (for example, Victorian Government 2008; Social Inclusion Board 2009).
 - *Academic researchers* have played a crucial role in expanding knowledge on the sector. Lyons and Hocking (2000) undertook the first comprehensive attempt to measure the scale and direct economic impact of the sector in Australia. Studies have also been undertaken into the determinants of philanthropy (Lyons and Passey 2006); the contribution of volunteers (Mayer 2003; Oppenheimer 2008; Soupourmas and Ironmonger 2002); the role of the sector in contributing to social capital and community networks (Hooghe 2008; Lyons 2000; Passey and Lyons 2006); and the role of the sector in service provision (McGregor-Lowndes and Turnour 2008; Spooner and Dadich 2008).
 - The *sector* has also generated a range of data on its activities and initiated innovative approaches to measurement.
 - Performance evaluations, to guide organisational goals or provide information to funders and other key stakeholders, have become increasingly focused on outcomes and better accounting for inputs.
 - Peak bodies collect and disseminate sector data. For example, ACOSS produces an annual survey of member organisations in the community sector and the Fundraising Institute of Australia compiles information on philanthropy.
 - NFPs are increasingly entering into partnerships with universities, corporate sponsors, and international organisations to undertake evaluations of their own programs.

While this signals considerable progress, as shown in table 4.1, there are significant differences between the activities and organisations covered and the data collection methodologies applied.

Table 4.1 Comparing information sources

<i>Information source</i>	<i>Coverage</i>	<i>Structural measures</i>			<i>Contribution measures</i>			
		<i>Organisation Numbers</i>	<i>Financial data</i>	<i>Clients/ members/ supporters</i>	<i>Inputs</i>	<i>Outputs</i>	<i>Outcomes</i>	<i>Impacts</i>
Administrative data ^a	Incorporated/tax registered entities	✓	✓ ^b					
ABS Satellite Account	Economically significant organisations	✓	✓	✓	✓	✓		
ABS activity surveys	Economically significant organisations	✓	✓	✓	✓	✓		
ABS Voluntary Work survey	Survey of people aged 18 years & over				✓			
AIHW	Government & nongovernment providers of health & welfare services			✓	✓		✓	
ACOSS Community Sector Survey	Voluntary responses from organisations providing community services	✓		✓				
Giving Australia Project	Surveys of households, business & NFPs			✓	✓			
Cost-benefit studies	Varies according to purpose ^c	✓	✓	✓	✓	✓	✓	
Performance evaluations	Typically undertaken on specific programs		✓	✓	✓	✓	✓	✓

^a The availability of administrative data varies by organisation type. Administrative data is available from the Australian Taxation Office (ATO), as well as from the Australian Securities and Investments Commission (ASIC), the Australian Prudential Regulation Authority (APRA) and state/territory fair trading regulators. ^b Limited data only. Some data sources have more information than others. For example, information on assets and turnover is available from ASIC for companies limited by guarantee. Some States and Territories provide this information on cooperatives and associations. ^c Some studies focus on an organisation (for example, Surf Lifesaving Australia); others on an activity (for example, aged care)

4.2 What does the sector look like?

The NFP sector is extremely diverse, encompassing a broad range of activities and organisational structures. While precise estimation is impossible, available data suggest there are around 600 000 NFPs in Australia (box 4.1).

Organisational structures vary

The bulk of the sector consists of small, unincorporated organisations for which little information is available. These organisations have no employees, rely on the volunteer contributions of members (or others) and typically lack legal status. According to Lyons:

By far the most common organizational form adopted for nonprofit activities is what is known as an unincorporated association. Unincorporated associations are formed to pursue a myriad of goals and interests from arranging baby sitting to protesting aircraft noise; from raising funds for a local school to organizing opportunities for members to pursue particular enthusiasms, such as tropical fish breeding or bell ringing [*sic*]. (1998, pp. 6–7)

Lyons and Hocking (2000) estimated there were approximately 380 000 unincorporated organisations in 1995-96. If these have grown at the same rate as the general population, there would now be around 440 000 unincorporated organisations (box 4.1).

The remaining NFPs are incorporated, or registered in various forms. These include companies limited by guarantee, cooperatives and associations (discussed in more detail in chapter 6). Although there are some notable exceptions, most formally incorporated organisations tend to be relatively small.

- A recent survey of *companies limited by guarantee* found that around 70 per cent have revenue of less than \$1 million per annum. Only 2 per cent had revenue in excess of \$25 million (Treasury 2008d).
- In 2005-06, non-trading *cooperatives* in New South Wales reported average turnover of \$2.4 million and average operating surpluses of \$45 500 (NSW Office of Fair Trading 2008).
- More than 60 per cent of NFPs have a turnover of \$150 000 or less as reported in their ABN application (ATO pers. comm., 9 September 2009).

The variety of organisational forms adds considerable complexity to the sector's structure, a point noted by several study participants.

Box 4.1 Number of not-for-profit organisations

There are around 600 000 NFPs in Australia. This compares with around 520 000 in 1995-96 (Lyons and Hocking 2000).

Of the current total, approximately 160 000 are incorporated — as a company limited by guarantee, association or cooperative or under specialised legislation (such as trade unions). Data on these were obtained from government agencies responsible for registration and peak bodies within the sector. Trading cooperatives (around one third of all cooperatives) are usually excluded from the definition of NFPs because they are able to distribute surpluses to members. Although financial and insurance mutuals do not distribute profits they are excluded from the internationally agreed statistical classification for the sector (Lyons, sub. 169)

Little information is available on those organisations which have chosen not to register their formation through incorporation. Lyons and Hocking (2000) extrapolated the results of a survey of associations in a single New South Wales local government area to provide estimates for Australia. Given the narrow sample on which they were constructed, the authors warned that these 'estimates should be treated with caution'. A similar methodology has recently been applied to provide estimates of unincorporated organisations in New Zealand and Canada (Sanders et al. 2008).

More recent data on incorporated entities suggests that growth has occurred in all categories, with the exception of cooperatives which have fallen significantly over the 12 years to 2007-08. However, caution should be exercised in interpreting data on these organisations as it can be difficult to identify those that are no longer operating.

Number of NFPs

<i>Type of Organisation</i>	<i>1995-96</i>	<i>2008-09</i>
Companies limited by guarantee	9 000	11 700
Incorporated Associations	120 000	136 000
Cooperatives	3 000	1 850
Body Corporates	180 000	103 000
Organisations incorporated by other methods ^a	8 000	9 000
Unincorporated associations ^b	380 000	440 000
<i>Total third sector</i>	<i>700 000</i>	<i>≈ 700 000 ^c</i>
Excluding body corporate entities	180 000	103 000
Financial and insurance mutuals ^d	2 000	2 000
Trading cooperatives ^d	700	450
Total not for profit sector	517 300	≈ 600 000 ^c

^a Including those incorporated under industrial legislation (such as trade unions and employer associations); the Aboriginal Councils and Associations Act; Friendly Society Acts; Education Acts; and specific acts of parliament. ^b The 2008-09 total for unincorporated associations is estimated from the Lyons and Hocking estimate for 1995-96 adjusted for population growth. ^c Reflecting the uncertainty involved in some of the 2008-09 estimates, totals are presented as approximate values only. ^d The number of financial and insurance mutuals and trading cooperatives is taken from the industry classification provided by Lyons and Hocking (2000). Numbers are rounded to the nearest hundred.

Sources: Lyons and Hocking (2000); Commission estimates; State and Territory Fair Trading Offices (or equivalent); ASIC (pers. comm., 18 September 2009); APRA (pers. comm., 10 September 2009).

For example, the member organisations of Catholic Social Services Australia, deliver community and welfare services through:

... a vast range of organisations. Our largest member organisation has an annual turnover of over \$100 million; our smallest organisations have little or no annual turnover as direct community services are provided by volunteers. (sub. 177, p. 5)

RSPCA Australia noted that its nine state and territory based member organisations:

... are separate legal entities, varying in their legal structure, their financial turnover and the number of staff they employ. Two Societies are companies limited by guarantee and the remainder Incorporated Associations under their relevant jurisdictions [*sic*]. (sub. 116, p. 2)

What can we learn from tax data?

In addition to registering a legal form through incorporation, some NFPs are registered with the Australian Taxation Office (ATO) for taxation purposes. The ATO classifies an organisation as not-for-profit if its activities are not undertaken for the purposes of profit or gain to individual members.

NFPs must be registered for taxation purposes if they employ staff, accept tax deductible donations, are required to pay income tax, seek exemption from fringe benefits tax or concessional input tax treatment, or are subject to the GST.¹ This means that smaller organisations, without employees and with low revenue, will typically not be included in information collected by the ATO.

As at end June 2009, there were 177 109 organisations with an active tax status classified as not-for-profit by the ATO (ATO internal document, September 2009).

How large is the sector?

To estimate economic activity for the NFP sector satellite account (see below), the ABS draws on the database maintained by the ATO. Of the approximately 180 000 NFPs on the ATO register, the ABS identified 58 779 as economically significant organisations. The differences between ATO and ABS numbers result from:

- differences in the definitions of NFPs. For example, in accordance with the international statistical convention, the ABS excludes body corporates, building societies and credit unions
- ABS only identify economically significant organisations

¹ All NFPs with turnover greater than \$150 000 per annum must be registered for GST. Organisations with turnover below this threshold may choose to be registered. As noted above, around 60 per cent of NFPs registered for GST have turnover below the threshold.

- to avoid double-counting, the ABS accounted for those organisations which have more than one entry on the ATO registry (ABS pers. comm., 24 July 2009).

According to information provided by the ATO (pers. comm., 30 November 2009), approximately 61 000 NFPs lodged business activity statements or income tax returns, made PAYG wage payments or paid Superannuation Guarantee amounts. This is slightly higher than the number of economically significant organisations identified by the ABS.

Figure 4.1 sets out the relationship between the various estimates of NFP numbers. It compares the narrower ABS estimates (a subset of ATO data) with the broader estimates based on the approach of Lyons and Hocking (2000) which attempts to enumerate unincorporated entities. By their nature, unincorporated organisations are closely related to the household sector, undertaking activities designed to meet local needs and relying on the volunteer contributions of community members.

Credit unions and building societies undertake activities which are more closely aligned to those undertaken by the business sector. As noted above, these are excluded from the ABS definition (but included in that of the ATO).

Figure 4.1 Estimated organisation numbers, 2006-07

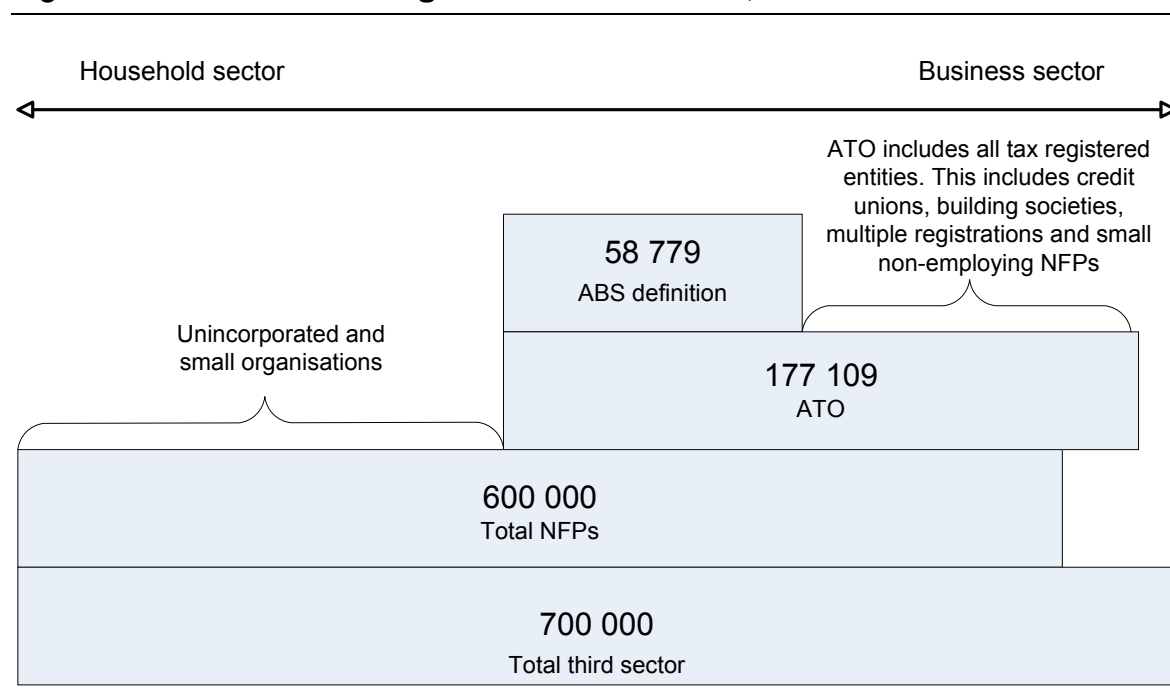


Figure 4.1 also includes the ‘third sector’ which adds back in body corporates, credit unions and building societies. Lyons and Hocking (2000) estimated there were around 700 000 third sector organisations in 1995-96. This is similar to the current estimate, although the composition has changed somewhat (box 4.1).

4.3 Measuring direct economic contribution

The first comprehensive attempt to measure the scale and contribution of the sector in Australia was undertaken by the Australian Non-Profit Data Project, a collaboration between the ABS and the Centre for Australian Community Organisations at the University of Technology, Sydney. The project produced data for 1995-96 on the number and type of organisations, employment and volunteers, expenditure and revenue. It also provided estimates of the sector’s contribution to national income.

More recent estimates of economic contribution have been provided in the 2006-07 *Non-profit Institutions Satellite Account* (ABS 2009c). This updated previous estimates for 1999-2000 (ABS 2002). The data were produced in accordance with the *Handbook on Non-Profit Institutions in the System of National Accounts* (UN 2003) which provides an internationally-accepted framework for measuring the economic contribution of the sector. Australia was the first country to apply the framework (Lyons 2009a).

In the national accounts for the economy, production estimates for the various sectors (such as health and community services, education, and cultural and recreational services) include the contribution of NFPs where these services are provided by employees. National accounts do not include an explicit valuation of the contribution of volunteers.

The purpose of the satellite account is therefore twofold:

- to disaggregate economic activity as measured by the national accounts to estimate the specific input use and output of NFPs
- to estimate the contribution of volunteers (ABS 2009c).

The satellite account uses standard national accounting concepts, such as gross domestic product and gross value added. However, given the sector’s unique characteristics, there are specific challenges in implementing these measures — specifically valuing volunteer contributions and output (box 4.2).

Box 4.2 National accounting concepts and not-for-profit organisations

Market versus non-market NFPs

The satellite account distinguishes between market and non-market NFPs. Market NFPs are those that sell their output at prices which have a 'significant' influence on amounts producers are willing to supply and purchasers are willing to buy. Non-market producers provide most of their output to others free or at prices which are not economically significant and must rely principally on funds other than receipts from sales to cover their costs.

Valuing NFP output

The output of *market* NFPs is valued as the sum of:

- the total value of goods and services sold, bartered, or used for payments in-kind (including to employees)
- the total value of changes in inventories of finished goods and work in progress intended for one or more of the above uses.

The output of *non-market* NFPs is calculated as the sum of:

- intermediate consumption of goods and services
- compensation of employees
- consumption of fixed capital
- taxes, less subsidies, on production (for example, payroll tax) other than those on products.

Valuation of non-market NFP output is consistent with the convention adopted for the valuation of general government sector output in the national accounts. When compared with market valuation, it excludes a return to capital (net operating surplus).

Gross Value Added (GVA)

GVA shows the 'value' a producer adds to the raw material goods and services it uses in producing its own output. It is measured as the value of NFP output of goods and services less the value of intermediate inputs used in its production. As non-market NFP output is measured at cost, GVA for these organisations is also equal to the sum of compensation to employees, consumption of fixed capital and taxes less subsidies on production.

Valuing volunteer contributions

The value of volunteer services is calculated according to the cost of hiring a market replacement for each type of volunteer service. For example, time spent volunteering in the field of education is valued according to the rate of pay for education workers. Volunteer services may be under or over estimated depending on variations in the productivity of volunteers compared with labour provided to the market sector.

Source: ABS (2009c).

As noted above, the satellite account produces activity estimates only for those NFPs which are classified as ‘economically significant’. In the satellite account for 1999-2000, and in the survey undertaken for the most recent satellite account, these were organisations which employed staff or non-employing organisations whose revenue exceeded a threshold level (determined by the ABS).

For the 2006-07 satellite account, the ABS used GST registration data to extend the coverage to include an additional 18 000 smaller, non-employing organisations (an increase of almost 50 per cent over the 41 000 organisations originally identified for inclusion in the satellite account by the 2006-07 survey). However, this broader coverage had minimal impact on activity estimates. Comparison of estimates provided in the survey with those in the satellite account indicates that the addition of these organisations increased measured sector income by less than one per cent.

Since the satellite account encompasses all employing NFPs, it provides accurate employment estimates and captures the bulk of economic activity, as conventionally measured on a national accounts basis. Moreover, inclusion of comprehensive data on volunteers enables activity estimates to be extended beyond employing organisations. The ABS has used data available from the survey of volunteers for this purpose (ABS 2009c).

Contribution to measured national income — value added

In 2006-07, the sector generated \$41 billion gross value added (GVA) — equivalent to 4.3 per cent of total GVA (table 4.2).² Put into context, this is comparable to the measured contribution to national income of the wholesale trade sector (\$48 billion), transport and storage (\$48 billion) and government administration and defence (\$40 billion).³ It is larger than the gross value added of the communications sector (\$25 billion), but smaller than that of finance and insurance (\$77 billion) (ABS 2009b).

Caution should be exercised in making comparisons over time because of differences in data collection and NFP coverage. However, there is clear evidence of strong growth in the sector. In real (that is, inflation adjusted⁴) terms, sector GVA grew at an average rate of 7.8 per cent per annum in the seven years to

² Note that value added is less than GDP by net taxes on NPI products, hence the contribution to GDP is slightly lower at 4.1 per cent.

³ The national accounts category ‘government, administration and defence’ does not include government provision of education, health or community services.

⁴ Real dollars are calculated using the final consumption implicit price deflator (ABS 2009b).

2006-07. This is more than double the real growth rate of the economy (3.1 per cent).

Gross value added on a satellite account basis includes the estimated value of volunteer services in measuring the economic contribution of the sector. In 2006-07, this was \$55.6 billion, roughly double that of 1999-2000. In real terms, gross value added on a satellite account basis increased at an average annual rate of about 7 per cent. This is lower than estimated gross value added on a national accounts basis because growth in the real value of volunteer services grew at a lower rate (4.3 per cent) than market value added.

In 2006-07, the sector employed 890 000 paid staff (equivalent to 8.5 per cent of total Australian employment) and benefited from the services of 4.6 million volunteers (equivalent to 317 200 full time staff).

Table 4.2 Economic contribution of not-for-profit organisations

Economically significant organisations (nominal values)

	1999-2000		2006-2007	
Output	\$b		\$b	
NFPs (national accounts)	31.3		54.6	
Volunteer services	8.9		14.6	
Total (satellite accounts)	40.2		69.2	
Gross Value Added^a	\$b	% GVA	\$b	% GVA
NFPs (national accounts)	19.7	3.4	41.0	4.3
Volunteers	8.9	1.5	14.6	1.5
Total (satellite accounts)	28.6	4.9	55.6	5.8
Employment	Number	% total employment	Number	% total employment
Paid staff	604 000	6.8	890 000	8.5
Volunteers (FTE) ^b	285 300		317 200	

^a Gross value added equals the value of output of goods and services less the value of the intermediate consumption inputs used in producing the output. ^b Volunteer numbers presented in the table are expressed as full time equivalent workers, whereas paid staff are expressed in number of people employed.

Sources: ABS (2002, 2009c).

What activities does the sector engage in?

NFPs engage in a diverse range of activities (chapter 2). The activity estimates produced by the ABS in the satellite account are based on the International Classification of Non-Profit Organisations (ICNPO) which divides the sector into 12 broad categories (table 4.3).

Table 4.3 Activities usually included within the not-for-profit sector
International Classification Non-Profit Organisations (ICNPO)

<i>Activity</i>	<i>Includes</i>
Culture & Recreation	Media & communications; Visual arts, architecture, ceramic art; Performing arts; Historical, literary & humanistic societies; Museums; Zoos & aquariums; Sports; Recreation & social clubs; Service clubs
Education & Research	Elementary, primary & secondary education; Higher education; Vocational/technical schools; Adult/continuing education; Medical research; Science & technology; Social sciences, policy studies
Health	Hospitals & rehabilitation; Nursing homes; Mental health & crisis intervention; Other health services (eg. public health & wellness education)
Social Services	Child welfare, child services & day care; Youth services & youth welfare; Family services; Services for the handicapped; Services for the elderly; Self-help & other personal social services; Disaster/emergency prevention & control; Temporary shelters; Refugee assistance; Income support & maintenance; Material assistance
Environment	Pollution abatement & control; Natural resources conservation & protection; Environmental beautification & open spaces; Animal protection & welfare; Wildlife preservation & protection; Veterinary services
Development & Housing	Community & neighbourhood organisations; Economic development; Social development; Housing associations & assistance; Job training programs; Vocational counselling & guidance; Vocational rehabilitation & sheltered workshops
Law, Advocacy & Politics	Advocacy organisations; Civil rights associations; Ethnic associations; Civic associations; Legal services; Crime prevention & public policy; Rehabilitation of offenders; Victim support; Consumer protection associations; Political parties & organisations
Philanthropic intermediaries & voluntarism promotion	Grant-making foundations; Volunteerism promotion & support; Fund-raising organisations
International	Exchange/friendship/cultural programs; Development assistance associations; International disaster and relief organisations; International human rights and peace organisations.
Religion	Congregations (including churches, synagogues, mosques, shrines, monasteries & seminaries); Associations of congregations
Business & Professional Associations & Unions	Business associations (organisations that work to promote, regulate & safeguard the interests of special branches of business); Professional associations (organisations promoting, regulating & protecting professional interests); Labour unions
Not elsewhere classified	All other non-profit organisations including cooperative schemes, manufacturers, wholesalers, retailers, cemetery operators

These are mainly activity classifications but can be reconciled with the standard Australian and New Zealand Standard Industrial Classification (ANZSIC).

Measured by organisation numbers, the largest sector is religion. The broad category encompassing environment, development and housing, law, advocacy, philanthropic and international organisations (environment et al.) is also significant, as is the category of culture and recreation services (table 4.4).

However, when ranked by measures of activity levels, a different picture emerges. Measured in terms of *gross value added* (that is, on a national accounts basis), education and research make up 27 per cent of the sector's activity, with the other categories around the 16 to 19 per cent level (other than associations, which make up 5 per cent of GVA). Measured by employment, the largest categories are social services and education and research; however, this is the number of employees rather than FTE so the differences from GVA in part reflect the different rates of full-time employment across the activity areas.

When the value of *volunteer* time is factored in (that is, gross value added on a satellite account basis), the largest category is culture and recreation. This reflects the fact that volunteers in culture and recreation organisations make up 45 per cent of the sector total. Social services and education and research are also significant categories when the value of volunteer time is included (table 4.4).

Table 4.4 Not-for-profit organisations, 2006-07

Economically significant organisations

	<i>Organisations at end June</i>	<i>Total employees</i>	<i>Volunteers</i>	<i>Gross value added (satellite account basis) ^a</i>
	no.	'000	'000	\$b
Culture and recreation	11 510	102.1	2 072.3	12.2
Education and research	6 621	218.4	608.0	11.7
Hospitals	102	55.7	41.4	3.6
Health	919	99.7	389.8	4.4
Social services	7 811	221.5	1 474.6	10.6
Religion	12 174	40.7	np ^d	np ^d
Associations ^b	3 224	22.5	102.6	2.3
Environment et al. ^c	11 972	110.5	344.0	4.7
Not elsewhere classified	4 446	18.3	np ^d	np ^d
Total	58 779	889.9	4 616.1	55.8

^a Includes non-market output and the values of volunteer services. ^b Business and professional associations, unions. ^c Environment, development, housing, employment, law, philanthropic and international NFP organisations. ^d not available for separate publication but included in total (np).

Source: ABS (2009c).

The trends over time are only indicative as the allocation of NFPs to the ICNPO classifications are not identical over the two satellite accounts. The categories are also fairly broad, masking the different contribution of activities, especially in the environment et al. category. The dominant change since 1999-2000 is a relative decline in the sector share for both GVA and employment in culture and recreation, and growth in environment et al. (table 4.5).

Table 4.5 Composition of value added and employment in the not-for-profit sector, 1999-2000 to 2006-07

Activity	1999-2000		2006-07	
	% of sector GVA ^a	% of sector employment ^b	% of sector GVA ^a	% of sector employment ^b
Education and research	32	24	27	25
Health (including hospitals)	15	15	17	18
Social services	17	26	16	25
Culture and recreation	23	21	16	12
Associations ^c	3	3	5	3
Environment et al. ^d	11	12	19	19
Total	100	100	100	100

^a Measured on a national accounts basis. That is, it excludes non-market output of market producers and services provided by volunteers ^b Paid employment. ^c Business and professional associations, and unions.

^d Environment, development, housing, employment, law, philanthropic and international.

Sources: ABS (2002, 2009c).

When volunteer hours are also considered, the extent of change in the sector becomes more apparent (table 4.6). Volunteer hours have fallen in all categories except health and culture and recreation, where they have grown strongly. While this may reflect reclassification issues, it is consistent with the anecdotal evidence that some organisations, notably community services, are finding it more difficult to recruit and retain volunteers. Further, for most activity areas the decline in volunteer hours is offset by strong employment growth.

Table 4.6 Growth in value added, employees and volunteering

Average annual growth rate from 1999-2000 to 2006-07

	<i>Gross value added (real) ^a</i>	<i>Total employees</i>	<i>Volunteer hours worked</i>
	per cent	per cent	per cent
Culture & recreation	2.9	-2.9	7.9
Education & research	5.4	5.7	-7.3
Health (including hospitals)	9.6	8.1	5.9
Social (community) services	6.7	5.1	-0.9
Associations ^b	16.4	5.0	-8.9
Other ^c	17.1	13.7	-0.4
Total average growth	7.8	5.7	1.6

^a NFPs that employ staff and/or access tax concessions on a basis comparable with national accounts data (it excludes estimates of the value of volunteer services). Note this is less than the GDP contribution — by excluding net taxes on NPI products. ^b Business and professional associations and unions. ^c Environment, development, housing, employment, law, philanthropic, international and religion.

Sources: ABS (2002, 2009c); Commission estimates.

4.4 Employment

Social services and education and research together comprise almost half of total sector employment (table 4.7). However, employment growth was strongest in the environment, development, housing, employment, law, philanthropic and international category and health including hospitals. Employment in all categories, other than culture and recreation, was significantly stronger than employment growth across the entire economy — an average for NFPs of 5.7 per cent per annum compared to 2.3 per cent per annum for the entire economy (ABS 2009f). Culture and recreation remains a significant area of employment, and the apparent decline may partly reflect a reclassification of activity following a change to ANZSIC (ABS pers. comm., 29 September 2009).⁵

⁵ Because of a lack of comparable data for 1999-2000, growth rates in some individual categories cannot be compiled.

Table 4.7 Employment in not-for-profit organisations

As at July 2007

	<i>Permanent full-time employees</i>	<i>Permanent part-time employees</i>	<i>Casual employees</i>	<i>Total employees</i>	<i>Average annual growth in total employees 1999-2000 to 2006-2007</i>
	'000	'000	'000	'000	%
Culture & recreation	34.2	18.1	50.4	102.7	-2.9
Education & research	115.2	66.8	36.4	218.4	5.7
Hospitals	20.7	23.6	11.4	55.7	8.1
Health	24.6	57.8	17.2	99.7	
Social services	69.8	87.9	63.9	221.5	5.1
Associations ^a	17.0	2.1	3.4	22.5	5.0
Religion	20.4	12.8	7.5	40.7	
Environment et al. ^b	56.3	31.4	22.7	110.5	13.7
Other	10.3	4.8	3.2	18.3	
Total	368.5	305.3	216.1	889.9	5.7

^a Business and professional associations, and unions. ^b Environment, development, housing, employment, law, philanthropic and international.

Source: ABS (2009c).

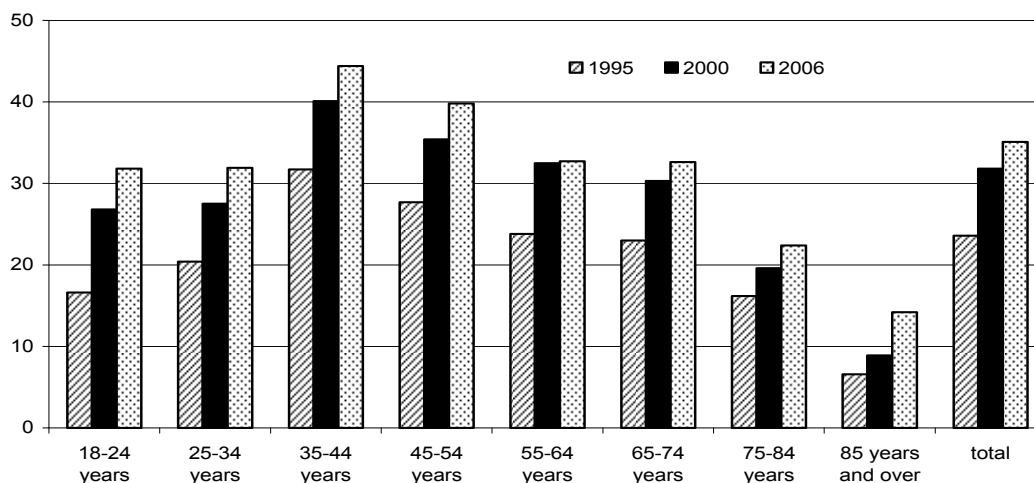
4.5 Volunteers

Over the past decade, there has been a consistent upward trend in the volunteer rate. This trend is evident across all age groups (figure 4.2). However, this increase in the proportion of the population volunteering has been offset, to some extent, by a decline in the average number of hours volunteers provide (table 4.8).

Education, sport, religious and community service organisations attract the highest volunteering rates, together accounting for three-quarters of all volunteers (figure 4.3). However, the number of volunteers is an incomplete indicator of contribution because it does not account for differences in the amount of time contributed. For example, on average arts and heritage volunteers donated 148 hours in 2006, similar to that provided by emergency services volunteers. In comparison, education and training volunteers contributed an average of 52 hours (ABS 2007b).

Figure 4.2 Volunteer rate^a over time by age, 1995 to 2006

Per cent of population age group



^a Defined as the proportion of the population age group which volunteers.

Data source: ABS (2007b).

Table 4.8 Voluntary work in Australia (all organisations)

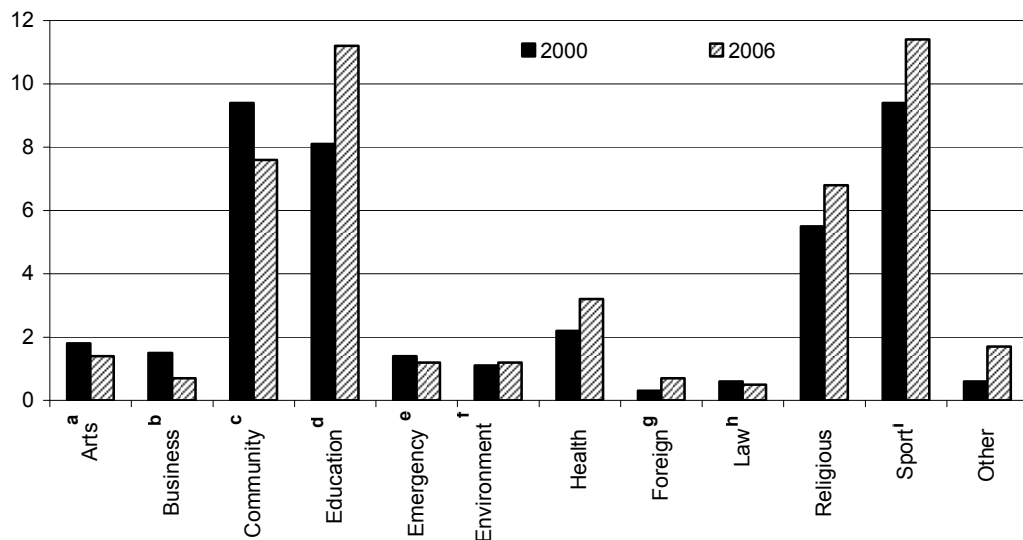
	Total volunteers	Total hours	Median hours per person
	million people	million hours	hours
1995	3.2	511.7	74
2000	4.4	704.1	72
2006	5.2	729.9	56

Source: ABS (2007b).

The share of the adult population volunteering has risen for many activities, most notably education, health, religious and sports, but has been declining for community services, arts, business and emergency activities. However, hours volunteered have fallen for most categories other than culture and recreation, and health (chapter 10). For example, the median hours per annum provided by volunteers in community and welfare services fell from 48 hours in 2000 to 40 hours in 2006, and for volunteers in religion the median fell from 60 hours in 2000 to 48 hours in 2006 (ABS 2007b). It should be noted that the volunteer data excludes informal voluntary activity such as caring for an elderly or disabled person (box 4.3).

Figure 4.3 **Volunteer rate by type of organisation**

Per cent of population



a Arts and culture. **b** Business, professional associations and unions. **c** Community and welfare. **d** Education, training and youth. **e** Emergency services. **f** Environment and animal welfare. **g** Foreign and international. **h** Law, justice and politics. **i** Sport and physical recreation.

Data source: ABS (2007b).

Box 4.3 **Volunteers and informal carers**

In some areas, both volunteers and informal carers provide similar services. For statistical purposes, however, the definition of these two groups differs.

Volunteers

The criteria for volunteering is that the work undertaken is:

- unpaid (reimbursement of costs are not considered as payment)
- willingly undertaken (work for the dole, work experience excluded)
- help in the form of time, service or skills (donations of money or goods excluded)
- formal, as determined by being carried out for, or through, an organisation.

Informal Carers

The definition of informal carers includes any person who provides any informal assistance to:

- persons with disabilities or long-term medical conditions, or
- persons aged 60 and over.

This assistance has to be ongoing, or likely to be ongoing for at least six months. It includes carers who were paid a carer allowance or payment but excludes work done through a voluntary organisation or group.

Sources: ABS (2004a, 2007b).

4.6 Funding sources

NFPs obtain funding from three broad types of sources — philanthropy, government and self-generated income. For economically significant NFPs, around 50 per cent of all income is self-generated, while a further 33 per cent comes from government. A little over 9 per cent of income is obtained from philanthropic sources (table 4.9).

Table 4.9 Sources of revenue, 2006–07

Economically significant organisations

<i>Type of revenue</i>	<i>Amount</i>	<i>Proportion of total^b</i>
	\$b	per cent
Government		
Government — volume based	17.6	23.0
Government — non-volume based	7.2	9.4
Government — for specific capital items	0.7	0.9
<i>Total government</i>	25.5	33.2
Philanthropy		
Donations from philanthropic trusts/foundations	0.3	0.4
Donations from businesses/organisations	0.6	0.8
Sponsorships	1.1	1.4
Donations from individuals ^a	4.2	5.4
Other fundraising	1.0	1.3
<i>Total philanthropy</i>	7.2	9.4
Self generated income		
Membership fees	3.7	4.8
Sales of goods	6.8	8.9
Income from services	23.4	30.5
Rent, leasing and hiring	1.5	2.0
Investment income	2.6	3.4
<i>Total self-generated</i>	38.0	49.6
Other		
Income from related or affiliated organisations	3.6	4.7
Other	2.3	3.0
Total	76.6	100

^a Includes donations, bequests and legacies from individuals. ^b Totals may not add due to rounding.

Sources: ABS (2009c,g).

These percentages are broadly similar to other countries:

- *self-generated income* represents 55 per cent of sector income in New Zealand, 45 per cent in the United States and 43 per cent in the United Kingdom
- *government funding* represents 25 per cent of the of sector income in New Zealand, 40 per cent in the United States and 45 per cent in the United Kingdom
- *philanthropic funding* represents 20 per cent of the of sector income in New Zealand, 15 per cent in the United States and 11 per cent in the United Kingdom (Saunders et al. 2008).

The share of government funding in total sector income has risen to 33.2 per cent from 30.2 per cent of income in 1999-00. The share of income from philanthropic sources has remained steady. Self-generated income, excluding government contracted services, has fallen from almost 58 per cent to 50 per cent of the total. This may be a result of an increase in transfers between NFPs, or how they have been reported (ABS 2002, 2009c).

Local governments can provide considerable support for NFPs, both in cash and in-kind. A survey of local governments conducted by the Commission found that 30 per cent of local councils responding provided venues at less than commercial cost to a substantial number of NFPs, while only 28 per cent did not provide any at all. While relatively few provided grants greater than \$5000 for either specific or general activities to a substantial number of NFPs, most councils provided a few each year, and considerably more grants for less than \$5000 (appendix D).

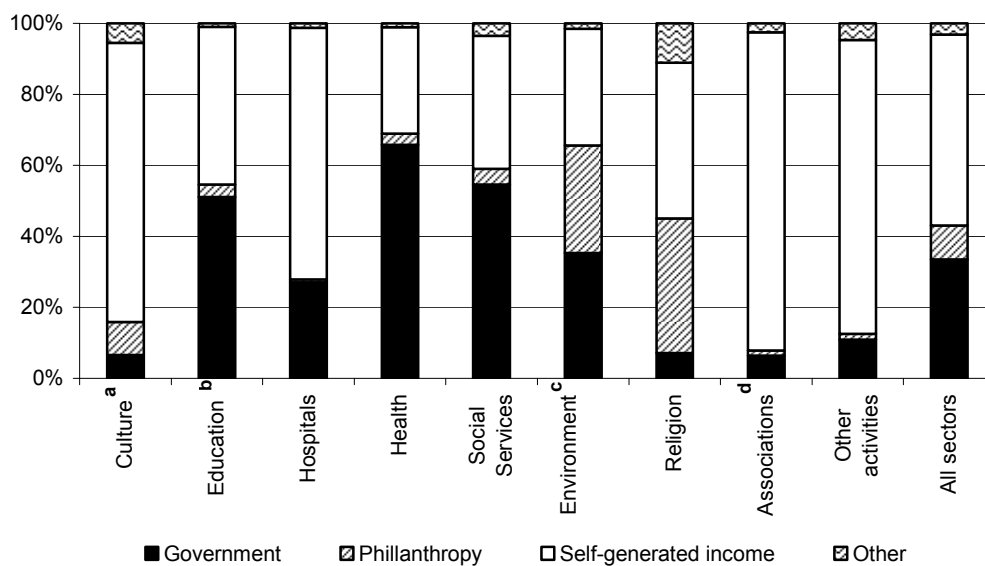
The current inquiry by the Victorian Competition and Efficiency Commission into the sharing of government and community facilities found that local councils are the main providers of community facilities with up to 500 facilities in some council areas for use by the community. They identify the benefits of sharing of government and community facilities as improving service delivery and expanding the scope of services (especially in interactions between service providers); encouraging social connectedness within communities; facilitating access to and participation in activities (particularly among disadvantaged groups); improving efficiency (especially in maintenance costs); and better use of land (VCEC 2009).

Within the sector, there is considerable diversity in funding (figure 4.4).

- 90 per cent of the income of business and professional associations and unions is self-generated. For culture and recreation NFPs, fees and other self-generated income represent over three-quarters of total income. Self-generated income is also important for 'other' activities (which includes retail cooperatives).

- Private philanthropy is most important for religious NFPs and those involved in environment, development and housing, law, advocacy, philanthropic and international organisations.
- Government funding is the largest share of income for NFPs involved in health, social services and education and research.

Figure 4.4 Sources of revenue by field, 2006-07
Economically significant organisations



a Culture and Art. **b** Education and Research. **c** Environment, development, housing, employment, law, philanthropic and international. **d** Business and professional associations, and unions.

Data source: ABS (2009c).

Even within these categories, there is significant variability. For example, some community service providers can receive all their income from government funding (box 4.4).

Government funding

As noted above, there is considerable variation in the proportion of total funding NFPs receive from government, with some obtaining all their income from government. While precise estimates are not possible, anecdotal evidence suggests that most of this is provided to support service delivery. Drawing on evidence collected through workshops, the recent Centre for Corporate Public Affairs survey (CCPA 2008, p. 7) noted that ‘... a substantial proportion of this government support is to assist not-for-profit organisations in the delivery of government

programs and services.’ Government funding is generally not provided in conjunction with corporate support. The CCPA survey:

... suggests limited government contribution to business community involvement initiatives with participant NFP organisations. Of the 38 per cent of NFP organisations creating a community involvement activity or structure as a vehicle for corporate involvement, only 11 per cent received government funding for such an initiative. (2008, p. 8)

Box 4.4 Funding community organisations

The Australian Community Sector Survey (ACOSS 2009) surveyed 518 agencies involved in the provision of welfare services including: health services; residential aged care; disability services; home and community care; child care; employment and training services; and housing and homelessness services. In total, these agencies assisted over 3 million Australians in 2007-08 (an increase of 20 per cent over the previous year), many of whom were from the most disadvantaged groups in the community.

As shown in the table, three-quarters of the income of these organisations was received from government.

Funding sources for community organisations^a

Source	2006-07	2007-08	Share of total in 2007-08	Change from 2006-07 to 2007-08
	\$ millions	\$ millions	%	%
Australian Government	653	691	42	6
State/Territory Government	455	523	32	15
Local Government	3	3	0.2	0
Client fee income	162	149	9	-8
Own source income ^b	371	382	23	3
Total	1 581	1 634	100	3

^a Based on the responses of 223 organisations to the Australian Community Sector Survey 2009.

^b Includes donations, sponsorships, and sale of goods and services to the public.

Source: ACOSS (2009).

and sale of goods and services to the public.

Source: ACOSS (2009).

The Centre for Corporate Public Affairs (CCPA 2008) conducted a survey of NFP organisations for a report commissioned by the Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs. On average, governments provided 47 per cent of the income received by the 153 responding organisations. However, the survey also revealed wide variations in funding patterns. One third of respondents indicated that they received 80 to 100 per cent of their income from government.

The picture of government engagement with the sector primarily as a vehicle for service delivery is also one which emerges from the Commission's survey of government agencies (chapter 11 and appendix D).

Indirect funding

The NFP sector also receives indirect support from Australian governments through tax concessions. The Commission estimates that the value of tax concessions given by all Australian governments to be at least \$4 billion in 2008-09 and could realistically be twice this amount when non-estimated expenditures are included. Fringe benefits and payroll tax concessions are estimated to be worth at least \$1 billion and \$766 million respectively, with income tax deductions for approved donations equivalent to over \$1 billion in foregone tax revenue (appendix E). It is not possible to determine the value more accurately as much of the data required to construct an estimate is not required to be submitted to the Australian Taxation Office (ATO) or jurisdictional revenue offices.

Philanthropy

Support from individuals

The *Giving Australia* project, which sought a greater understanding of philanthropy and volunteering in Australia, is an example of collaboration between government, the private sector, the NFP sector, and two university research centres — the Centre for Australian Community Organisations and Management at the University of Technology, Sydney and the Centre of Philanthropy and Nonprofit Studies at the Queensland University of Technology. The project produced quantitative estimates of volunteering and philanthropy undertaken in Australia, and also some qualitative information on motivations for undertaking these activities (chapters 7 and 10).

Data from this project suggest that community or welfare services and medical research organisations are the most popular recipients of individual donations. However, the average donation is less than \$100 per year. As a result, together these causes attract less than one quarter of all donations (table 4.10).

In contrast, religious and spiritual organisations attract over one-third of all donations, owing to the relatively large average annual donation per giver. Interest groups, such as professional/business associations, and advocacy groups and recreational or hobby groups, which in the main are not endorsed as deductible gift recipients, receive fewer donations, each attracting less than 2 per cent of total cash donations.

Table 4.10 Donations by recipient sector, 2005

	<i>Share of total donations</i>	<i>Share of adult population donating</i>	<i>Average donation per giver</i>
	%	%	\$ per year
Religious or Spiritual Organisations	36.1	30.2	529
International Aid and Development Organisations	13.3	25.6	234
Community or Welfare Services	12.8	69.5	81
Medical Research	10.2	57.9	77
Education	6.6	18.6	156
Environmental or Animal Welfare Groups	4.8	24.7	87
Australian Emergency Relief Services	4.2	36.6	52
Health Services	4.0	20.5	88
Sporting Clubs	3.0	15.2	86
Arts or Cultural Associations	2.3	4.8	220
Interest Groups (professional and business associations, unions, political parties, other advocacy groups)	1.6	6.1	125
Recreational or Hobby Groups	0.7	3.9	75
Other	0.4	0.5	355
All NFP organisations	100.0	87.0	424

Source: FACS (2005).

The *Giving Australia* survey suggests that certain causes are favoured by different types of taxpayers. Those on ‘average working incomes’ tend to support a wide range of causes, including welfare and social justice causes, with environmental causes and the arts not seen as priority areas. On the other hand, ‘wealthy’ taxpayers preferred causes such as medical research, education and the arts (FACS 2006).

The *Giving Australia* survey suggests that the annual real growth rate in donations from individuals was 8.3 per cent over the period 1997 to 2005. However, this may underestimate the real increase as some individual giving would have been transferred to Private Ancillary Funds, previously known as Prescribed Private Funds (chapter 7). Data from tax concessions suggests individual giving, in real terms, increased by 6 per cent per annum from 1992-93 to 2000-01 and by 11 per cent per annum from 2000-01 to 2006-07 (McGregor-Lowndes and Newton 2009). The data from these two sources are broadly consistent, confirming the very strong growth in individual giving.

Corporate support

ABS data suggest that, for all economically significant NFP organisations, corporate philanthropy and sponsorships represent around 2.5 per cent of total

income (ABS 2009c). However, there are significant differences in funding shares from corporations within the sector. For example, the Centre for Corporate Public Affairs (CCPA 2008) found that among the NFPs it surveyed (which over represented larger NFPs), around 9 per cent of income was received as corporate philanthropy. Corporate funding is also regarded as qualitatively different from government funding, often allowing better prospects for long-term planning:

Our research also indicates that while government funding remains a higher proportion of income for NFPs than income from business — including via corporate/community partnerships — the nature of funding from corporations via partnerships can be more sustainable than that from governments.

Importantly, unlike many funding sources from government, funding for some NFPs through partnerships with business can be for longer periods and allow the NFP to plan better to sustain its operations and achieve its outcomes. This can be different to the sometimes short-term funding from government. (CCPA 2008, p. 23)

The available data suggests strong growth in corporate support. It is complicated somewhat as the CCPA study shows that, over the six years between its two studies, there has been a distinct move away from cash donations to other forms of business support (chapter 13). This may explain the relatively low growth in corporate donations (35 per cent nominal) between 1999-2000 and 2006-07 as estimated from the ABS satellite accounts. Zappala and Lyons (2008) looked at total business support — not just donations — and found very strong growth, with donations rising from \$1.4 billion to \$3.3 billion over the period 2000-01 to 2003-04. This is consistent with the anecdotal evidence heard during the course of this study. The relationship between business and NFPs is elaborated in chapter 13. Appendix C provides survey data on the nature of the relationship between business and the sector.

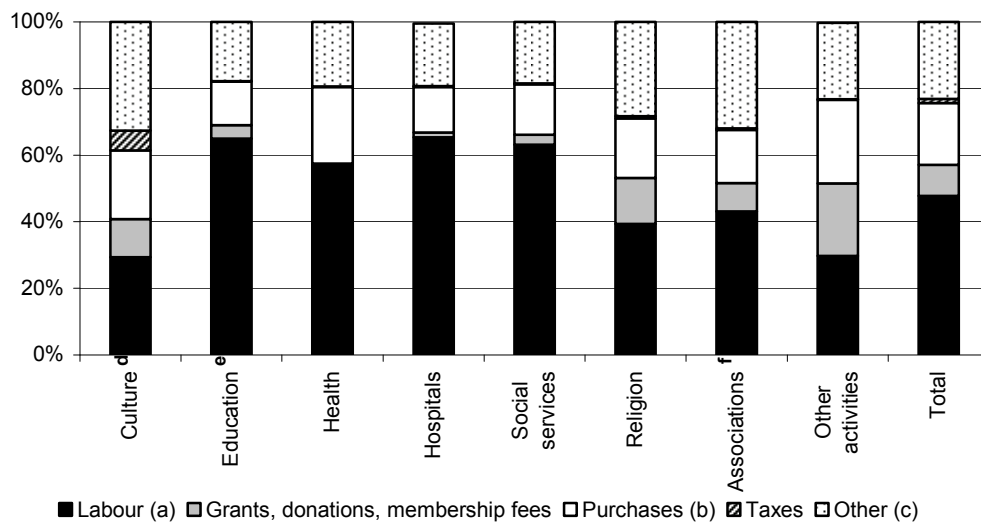
4.7 Not-for-profit expenditure

On average, labour costs account for around half of the expenditure of economically significant NFPs (figure 4.5), a proportion which has remained largely unchanged since 1999-2000.

- Labour accounts for the majority of expenditure in the education and research, health and social services fields but less than a third in the culture and recreation field.
- Grants, donations and membership fees are relatively significant expenditures in the environment, development, housing, employment, law, philanthropic and international fields, accounting for around a quarter of expenditure. It is important to note that the bulk of these represent payments to other organisations within the NFP sector.

- Taxes are generally not a significant expense for the sector (representing, on average, less than one per cent of the total). They are highest for culture and recreation NFPs, principally because of taxes and levies arising from gambling activities (for example, poker machines).
- Interest paid is also low (again, less than one per cent of all expenses).

Figure 4.5 Expenditure by not-for-profit organisations, 2006-07
Economically significant organisations



a Labour includes labour costs and payments to other business for staff. **b** Purchases also include advertising, computer software expensed and insurance premiums. **c** Other includes interest and transfers paid and other taxes on production. **d** Culture and Art. **e** Education and Research. **f** Business and professional associations, and unions.

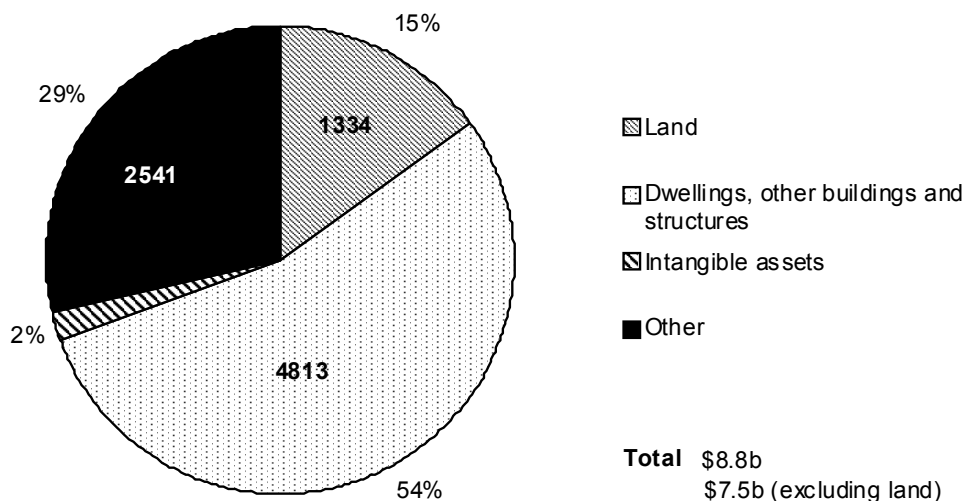
Data source: ABS (2009c).

Capital expenditure

Limitations on raising capital have been identified as a major constraint on the growth of NFPs (chapter 7). Capital funding is used to develop infrastructure and undertake other capacity building activities, such as structural transformation or workforce development (figure 4.6).

In 2006-07, new capital expenditure by economically significant NFPs amounted to approximately \$8.8 billion. With new private capital expenditure in the entire economy estimated as \$156 billion in 2006-07 (this excludes land), the sector's net share of capital expenditure is 3.8 per cent of non-land investment; slightly below its share in gross value added of 4.3 per cent.

Figure 4.6 Capital expenditure by not-for-profit organisations, 2006-07



Data source: ABS (2009g).

Governments have been moving away from funding capital directly, and in 2006-07 government funding for specific capital items amounted to \$666 million (7.6 per cent of the total). The bulk of capital expenditure (61 per cent) was funded from surplus from current operations. The other main sources of finance for capital expenditure are loans from conventional lenders, loans from NFP related specialist funds (for example, religious charitable development funds), financial intermediaries, and philanthropic donations for specific projects (ABS 2009g).

4.8 Other information on the sector

In addition to the satellite account, the ABS produces a range of data on aspects of the sector's activities (table 4.11). These include general data on participation in social activities by community members, data on specific types of NFPs (such as clubs) and information on inputs to sector activities such as philanthropy. Box 4.5 provides some examples.

Table 4.11 Selected information on not-for-profit activities

Data released by the Australian Bureau of Statistics

<i>Release title</i>	<i>ABS Catalogue number^a</i>	<i>Most recent data available</i>
Interest Groups	8639.0	1995–96
Unpaid Work and the Australian Economy	5240.0	1997
Business Sponsorship	4144.0	1996–97
Libraries and Museums	8649.0	1996–97
Clubs, Pubs, Taverns and Bars	8687.0	1997–98
Cultural Funding	4183.0	1998–99
Voluntary Work	4441.0	2000
Community Services	8696.0	1999–00
Private Hospitals	4390.0	1999–00
Schools	4221.0	1999–00
Community Services	8696.0	1999–00
Generosity of Australian Businesses	8157.0	2000–01
Sports Industries	8686.0	2000–01
Australian Social Trends	4102.0	2003
Television, Film and Video Production	8679.0	2002–03
Research and Experimental Development, Government and Private Non-Profit Organisations	8109.0	2002–03
Performing Arts	8697.0	2002–03
Sports and Physical Recreation Services	8686.0	2004–05
General Social Survey	4159.0	2006
How Australians Use Their Time	4153.0	2006
Sport and Recreation: A Statistical Overview	4156.0	2006
Arts and Culture in Australia	4172.0	2006–07
Involvement in Organised Sport and Physical Activity	6285.0	2007

^a These studies are available for download from the ABS website: www.abs.gov.au .

Databases which provide time series data, primarily in the area of community services, also exist. The Australian Institute of Health and Welfare provides online:

- data on funding sources and expenditure by government and non-government providers of health and community services (there is no distinction between NFP and for-profit providers)
- data relevant for measuring outcomes and impacts — for example, indicators of child welfare (including health, literacy, numeracy and child abuse/neglect); mental health; Indigenous wellbeing; and alcohol and other drug dependency
- benchmarking studies for social and health outcomes
- guides to data quality and the use of data.

Box 4.5 More information on some not-for-profit activities

Performing arts

Performing arts cover a range of activities, including popular music performances, symphony and choral performances, and drama and dance productions. Of the 726 organisations involved in the performing arts in 2006-07, around half (345) were NFPs. They put on an estimated 18 711 paid performances and attracted 5.8 million paying attendees. By comparison, the 381 for-profit organisations staged 24 769 performances with 6.4 million paying attendees.

While the bulk of their income are received from own-sources (principally box office receipts), NFP performing arts organisations received 38 per cent of their income from government (the comparative figure for-profit organisations was one per cent). Organisations involved in symphony and choral performances and dance productions were the most reliant on government funding.

Sports and physical recreation organisations

Sports and physical recreation activities include sports teams, health and fitness centres, and horse and dog racing. In 2005-06, there were an estimated 9256 organisations providing sports and physical recreation services, of which 3649 were NFPs. Sporting teams and recreation clubs represented around half of these NFPs.

Almost 182 000 volunteers were involved in sports and physical recreation activities.

Sources: ABS (2008a, 2009a).

These studies, like most other information sources provide only a partial, and usually snapshot, view of segments of the sector. Many focus on community welfare organisations or particular groups. For example, Mission Australia has undertaken seven surveys of young Australians on a range of issues to 'help inform policy and program development for young Australians at the national, state/territory and local levels, and to influence the broader community's understanding of young people' (2008, p. 5).

The Australian Community Sector Survey, conducted annually by ACOSS, questions member organisations about the users of services in the sector. It presents a similar picture to that of the ABS surveys. However, as the sample is not representative and changes from year to year, the scope for analysis of trends is limited. The data does, however, provide snapshots from various years that enable some indication of change.

The most common type of service provided by organisations surveyed is consistently reported to be information, advice and referral, followed distantly by home and community care, health, and housing and homelessness services.

The ACOSS survey in recent years has reported that 30 to 40 per cent of clients of social services provided by NFPs had a disability, around 15 per cent were Indigenous, around 60 per cent were jobless and 60 to 65 per cent were women. Relative to their share of the total population, these groups are persistently over-represented in their use of services. The survey also provides qualitative information on the constraints faced by NFPs in the community sector and their relationship with government.

Views on the value of not-for-profit organisations

NFPs are generally identified as valued service providers within the community. For example, in the General Social Survey for 2006 (ABS 2007a):

- 14 per cent of respondents indicated that they found the services of government and business providers difficult to access, while only 1 per cent identified the same problem with NFPs.
- 17 per cent of respondents indicated that they had difficulties communicating with government service providers and 14 per cent indicated a problem communicating with business service providers. The comparable figure for NFPs was two per cent.
- 12 per cent of respondents identified community, charity or religious organisations as a source of support in time of crisis. In comparison, 5 per cent nominated local council or other government services as a potential source.

4.9 What can be learned?

The satellite accounts indicate strong annual growth of 7.8 per cent in the NFP sector value added, and 5.7 per cent in employment from 1999-2000 to 2006-07, significantly higher than the rest of the economy. However, while the numbers of volunteers grew strongly, the decline in average hours volunteered saw an annual growth rate of only 1.6 per cent in volunteer hours.

As noted, this growth has not been uniform across the sector. Although the numbers are only indicative due to changes in classifications, some trends are nonetheless apparent (see appendix C for more details):

- Environment, development, housing, employment, law, philanthropic and international has made the greatest contribution to growth in GVA (26 per cent), possibly reflecting growth in employment services and housing that are included in this category. This set of activities also saw the strongest employment growth,

although the number of hours volunteered declined slightly, suggesting some substitution along with the expansion in funded activity.

- Education and research contributed 23 per cent to GVA growth and 25 per cent to the growth in employment, with over half of employees being full-time. However, the number of hours volunteered fell sharply, again suggesting some substitution of volunteer labour with employment in these areas.
- Social services followed a similar pattern, contributing 15 per cent to total GVA growth, and 23 per cent to employment growth, although less than a third are full-time. While it experienced a fall in volunteer hours, this was small compared to the decline experienced in education and research.
- Health accounted for 19 per cent of the total growth, and 23 per cent of employment growth. It also saw a growth in volunteer hours, suggesting that employment and volunteering in this area of activity may be complementary.
- Culture and recreation data is most uncertain, but the satellite accounts suggest that it experienced the slowest economic growth of all the activities, contributing only 10 per cent to GVA growth, and experiencing a decline in employment. However, it also experienced major growth in volunteering, so overall culture and recreational activities may well have expanded significantly in terms their total contribution to wellbeing. This points to the limitations of economic data as a measure of contribution to wellbeing, and the importance of monitoring volunteering to understand the health of the NFP sector.
- Business associations and unions grew strongly from a small base to contribute 7 per cent of the sector GVA growth. Employment also grew strongly, with a high share of full-time employees, while volunteer hours fell by almost half.

The nature of sector inputs has also changed. The share of government funding in total income has increased and this appears to be mainly associated with service delivery. A number of NFPs have also increased their reliance on corporate sponsorship. Since this can be provided for longer terms than government funding, or in conjunction with an explicit partnership with business, this source of funding is often viewed as more predictable than support from government.

Beyond input and output measures, a number of studies have been undertaken to evaluate the outcomes and, in some cases, the impacts of NFP activities (see appendix B for some examples). The range of activities encompassed by these studies emphasises the importance of a common framework that:

- ensures consideration, if not necessarily quantification, of relevant outcomes and impacts

-
- enables the categorisation of these outcomes and impacts to enable relevant benchmark indicators to be developed
 - produces results which are, as far as practicable, comparable to enable appropriate learning to occur.

However, there are several challenges to producing evaluations which are meaningful, comparable and cost-effective. These challenges, and some possible solutions, are considered in the next chapter.