

## 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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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<sup>a</sup>

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 <sup>b</sup>	371	382	23	3
<b>Total</b>	<b>1 581</b>	<b>1 634</b>	<b>100</b>	<b>3</b>

<sup>a</sup> Based on the responses of 223 organisations to the Australian Community Sector Survey 2009.

<sup>b</sup> Includes donations, sponsorships, and sale of goods and services to the public.

Source: ACOSS (2009).

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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.