Briefing Paper No. 3

The Nonprofit Sector in Australia: A Fact Sheet (4th edition, 2009)

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The Centre for Social Impact (CSI) is a bold partnership between the business schools of the University of New South Wales, the University of Melbourne and the Swinburne University of Technology. It brings together the committed hearts and business heads of the philanthropic, not-for-profit, private and government sectors in pursuit of social innovation. It provides socially responsible business management education and research in the common cause of building a stronger civil society for Australia.

The CSI briefing papers are summary papers describing a topical issue and its impact on the third sector.

SIZE

- There are as many as 700,000 nonprofit organisations in Australia, most of which are small and entirely dependent on the voluntary commitment of members
- Approximately 380,000 nonprofit organisations are incorporated in some form or another (meaning that they have a legal identity independent from their members)
- About 38,000 nonprofit organisations employ staff; a further 3000 are also deemed by the ABS to be economically significant
- There are approximately 20,000 organisations with Deductible Gift Recipient status in Australia. Many of these are nonprofit organisations (others are government owned entities)

Source: Lyons & Hocking 2000, ABS 2009, ATO 2008

ECONOMIC CONTRIBUTION

In 2006/07, Australia's 41 000 economically significant nonprofit organisations:

- Employed 890,000 people, 8.6% of Australians in employment
- Had an income of $76 billion
- Contributed $34 billion, or 3.4%, to GDP
- Made an economic contribution equivalent to that of the government administration and defence industry and one and a half times the size of the economic contribution of the agriculture industry.

Source: ABS 2009, author's estimates

SOURCES OF INCOME

In 2006/07 the nonprofit sector's main sources of income were as follows:

- 39% - sale of goods and services
- 34% - government grants and contracts
- 14% - fundraising and membership fees

Source: ABS 2009

INTERNATIONAL COMPARISONS

In terms of its contribution to employment, Australia's nonprofit sector:

- Is of a similar size to that of the United States and the United Kingdom
- Is larger than that in the Canada, New Zealand and most other European countries
- Is smaller than the nonprofit sector in the Netherlands and Ireland

Source: Salamon 1999, and various

COMPONENTS OF THE SECTOR

Organisations in the following fields account for the following percentages of nonprofit sector employment:

- Social Services - 25%
- Education and Research - 25%
- Health - 18%
- Culture and Recreation (including sport & registered clubs) - 12%
- Religion – 5%
- Business and Professional Associations and Unions - 3%
- Other - 14%

Source: ABS 2009; total percentage greater than 100% due to rounding

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PHILANTHROPY

- In 2004, 13.4 million adult Australians donated $5.2 billion to nonprofit organisations (and $0.5 billion to government owned entities)
- A further $2 billion was provided by 10.5 million Australians who brought raffle tickets or attended charity auctions and similar events
- Not all donations can be claimed as a tax deduction; in 2004/05, $1.5 billion was claimed
- In 2003/04, over half a million Australian businesses provided $3 billion to nonprofit organisations as gifts of money, goods, services and sponsorship

Source: Lyons & Passey 2005, Dept FACSIA 2005

VOLUNTEERING

- During 2006, 5.2 million Australians, 34% of adults, volunteered a total of 620 million hours of labour for non-profit organisations of all sizes; a further 93 million hours were donated to government and for-profit entities.
- Of this 620 million volunteer hours, 52% were for organisations that rely entirely on volunteer labour; 48% was for nonprofits that also employ staff
- This voluntary contribution was equivalent to an additional $13 billion donated to the nonprofit sector

Source ABS 2007

MEMBERSHIP

- In 2003, over 13 million Australians (86% of adults) belonged to at least one nonprofit association; 48% belonged to at least three organisations
- Just under 1 million held office in a nonprofit organisation

Source Passey and Lyons 2005

Sources:

ABS (Australian Bureau of Statistics) (2007) Voluntary Work, Australia 2006 Cat No 4441.0. ABS, Canberra.

ABS (2009), *Non-profit Organisations 2006-07*. Reissue. Cat No 8106.0 ABS, Canberra.

ATO (Australian Taxation Office) 2008 *Taxation Statistics 2005-06*, ATO, Canberra.

Department of Family, Community Services and Indigenous Affairs (2005), *Giving Australia. Research on Philanthropy in Australia. Survey of Business.* Department, Canberra. Mark Lyons and Susan Hocking (2000), *Dimensions of Australia's Third Sector*, CACOM, UTS Lindfield.

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Lester Salamon et al (1999), *Global Civil Society. Dimensions of the Nonprofit Sector*, Center for Civil Society, Johns Hopkins University, Baltimore.

Notes:

1. In June 2009 the ABS reissued its publication *Non-profit Organisations 2006-07*. This followed a re-examination and re-calibration of the weightings used to estimate sector-wide data from the sample that was surveyed. The overall result was a slight nett increase in organisational numbers and income but both increases and decreases in different fields when compared with the original 2008 data. Data here is based on that re-issue.

2. However, the data presented here underestimates the size of the nonprofit sector. This is because the ABS in drawing the sample that fed into ABS 2009 mainly relied on a register maintained by the ATO on which nonprofit organisations were flagged as such. However, the ATO appears to recognise as nonprofit organisations only those that are eligible for a full tax exemption. As a consequence many registered clubs are not counted. It is likely that many other mutual or member-serving nonprofit organisations are also omitted. It is to be hoped that the ATO will learn soon the error of its ways and flag all organisations that meet the international standard definition for private nonprofit status as nonprofits.

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