



**GROWTH AND CHANGE IN AUSTRALIA'S CHARITIES 2014 TO 2016**



## **Australian Charities and Not-for-profits Commission**

The Australian Charities and Not-for-profits Commission (ACNC) is Australia's national charity regulator. Registered charities are required to provide the ACNC with an Annual Information Statement comprising up-to-date corporate governance and financial data. The ACNC has commissioned the Centre for Social Impact (CSI) at the University of New South Wales (UNSW) Sydney to analyse charity data and provide reports for distribution to the sector and the broader Australian community. This closes the feedback loop for charities required to provide data and provides empirically-based insights into Australia's charities. ACNC data can also be explored at: <http://australiancharities.acnc.gov.au/>.

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The Social Policy Research Centre (SPRC) at UNSW Sydney was founded in 1980 as Australia's first national research centre dedicated to shaping awareness of social welfare issues. The Centre makes a positive impact through independent and leading research that explores the key social issues of poverty, inequality, wellbeing and justice.

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## Abbreviations

ACNC	Australian Charities and Not-for-profits Commission
ACNC Act	Australian Charities and Not-for-profits Commission Act 2012 (Cth)
AIS	Annual Information Statement
CPI	Consumer Price Index
CSI	Centre for Social Impact
DGR	Deductible Gift Recipient
PTSD	Post-traumatic stress disorder
SPRC	Social Policy Research Centre
UNSW	University of New South Wales

## Glossary of datasets

This report uses a number of different datasets, which are summarised below:

<b>Dataset</b>	<b>Description</b>
ACNC registration data	64,515 charities were registered with ACNC at some point between 1 January 2014 and 31 December 2016
AIS balanced panel	45,455 charities had reported AIS data for both 2014 and 2016 reporting years
AIS financial balanced panel	31,794 charities reported financial data in both 2014 and 2016 AISs
AIS employment balanced panel	43,466 charities reported employee information in 2014 and 2016 AISs

# Executive summary



This report presents analysis of the ways Australia's charities were growing and changing between 2014 and 2016. It uses the Annual Information Statements (AISs) provided by charities to the Australian Charities and Not-for-profits Commission (ACNC) for the 2014 and 2016 reporting periods, thus providing an analysis of charities over three years. The characteristics and activities of 45,455 Australian charities were available from their 2014 and 2016 AISs. Financial information was available for both years for 31,794 charities.<sup>1</sup>

## Headline statistics

10% increase in  
total gross income

4.4% increase in  
number of paid staff  
in charities

6.4% increase in  
charities operating  
with paid staff only

14.8% increase in  
donations and  
bequests

12.7% increase in  
gross expenditure

14.8% increase in  
total assets

## Registrations and revocations

- Overall number of registered charities has reduced from 55,471 as at 1 January 2014 to 52,817 as at 31 December 2016.
- The number of new charity registrations each year is slowly reducing and the total number of charities that were revoked from the register over the period outnumbered registrations.

<sup>1</sup> The dataset used for this report is a sub-sample of the charities included in the *Australia's charities report 2016* and *Australia's charities report 2014*, as it includes only charities that submitted an AIS in both 2016 and 2014. For this reason, the statistics presented in this report, such as total gross income, total expenses or total paid staff, are representative of this sample and different from those presented in 2016 and 2014.

## Key characteristics, 2014 to 2016

### **Charity size**

- More charities grew than decreased in size.
- The proportion of charities that identified as large increased slightly from 16.6% to 17.8%.

### **Main activity**

- The most common main activities for Australia's charities remained 'religious activities' and 'education and research'.
- Almost one in 10 charities reported a different main activity category in 2014 to that reported in 2016.<sup>2</sup>
- The proportion of charities reporting 'social services' as their main activity grew from 6.3% in 2014 to 10.8% in 2016.

### **Operating locations**

- Among charities operating in every state and territory in 2014, 11.0% reduced the number of jurisdictions they were operating in by 2016.

### **Workforce**

- The number and proportion of charities with paid staff increased by 6.4% from 3,096 charities in 2014 to 3,296 charities in 2016.
- The number of charities with paid staff and volunteers decreased by 2.3% from 20,185 charities in 2014 to 19,714 charities in 2016.
- The number of paid employees increased by 4.4%, primarily driven by increased numbers of casual employees (up 10.7%).
- Staff numbers fluctuated most among charities classified as small by revenue size.

## Financial trends, 2014 to 2016

### **Total income**

- Total gross income increased by 10% from \$110.7 billion in 2014 to \$121.8 billion in 2016.
- Income growth among the largest charities (top 1% by income) has slightly outstripped growth among all other charities (11.3% compared to the overall 10% growth).
- However, the proportional increase in income was greatest among small charities (25.5%).
- Charities less than five years old in 2014 experienced much greater fluctuation in income levels than older charities.
- Charities operating only overseas increased their total gross income by 31.9% despite a reduction in the total number of charities in this sub-sector.

### **Income composition**

- Examining different income sources, growth in income was greatest in the category of donations and bequests (14.8% increase) despite accounting for the smallest proportion of total income.

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<sup>2</sup> See Section 3 for details of how main activity categories are calculated.

- The proportion of charities receiving government grants<sup>3</sup> increased by 2% between 2014 and 2016. Proportionately, the increase in government grants was greatest among small charities, where 39.7% of charities experienced 50% or more growth in their receipt of government grants.

### Expenditure

- Total gross expenses grew 12.7% from \$101.0 billion in 2014 to \$113.9 billion in 2016.
- Levels of spending growth were highest among charities with the main activity of 'other philanthropic activities' (58.8%) and 'other health service delivery' (52.4%).
- Spending on grants and donations for use overseas grew by 18.8%, more than other types of expenditure (such as expenditure on grants and donations for use in Australia or employee expenditure). Materially, however, grants and donations for use overseas accounted for a very small proportion of total expenditure in both 2014 and 2016.
- Employee expenses grew fastest among small charities (by 26.3%).

### Net income

- The aggregate net income of the charity sector decreased from \$9.7 billion in 2014 to \$7.9 billion in 2016. Correspondingly, the aggregate net income ratio decreased from 8.8% to 6.5%.
- Aggregate net income varied widely by charity size, with small charities' net income ratio increasing from 9.1% in 2014 to 16.8% in 2016. For medium and large charities, the aggregate net income ratio decreased over the period.

### Assets

- The number of charities reporting that they held assets increased slightly from 90% in 2014 to 93% in 2016.
- The aggregate asset ratio had remained stable at 3.3% between 2014 and 2016.

## Where does the data come from?

Data comes from Australian charities registered with the ACNC at the end of each charity's 2014 and 2016 financial reporting period. The report uses the best and most recent data available for each charity to build a comprehensive picture of Australia's charity sector. While the *Australian charities report 2016* used proxy and estimate data (<http://australiancharities.acnc.gov.au/>), for an accurate representation of the change in the sector only data reported in the AISs was used in this report.

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<sup>3</sup> A government grant is funding provided by the Commonwealth, state or territory government, or a local government body, to a charity for a purpose, such as to provide goods or services to beneficiaries in accordance with the terms of the grant. This includes general purpose grants and funding received under a contract with the government to provide specified services.

# 1. Introduction



This report examines growth and change in Australia's charity sector. It follows a series of reports that profile Australia's charities, using data reported by charities to the ACNC. Information from the Charity Register, AISs and other administrative data collected by the ACNC provides an unprecedented opportunity to learn about the characteristics of Australia's charities and to monitor the way they are changing over time. This report uses the data to promote understanding of the various dynamics of growth and change shaping Australia's charities. This data may be used as the basis for strengthening policy and regulatory approaches.

Information comes from the vastest body of administrative data that has ever existed about Australia's charities, which will continue to grow in coming years. It complements other studies, which suggest trends of growth and change in charities' funding and operational environment but did not show how these are borne out in terms of charity finances, activities, staffing and other characteristics. While previous studies have examined changing levels and practices of charitable giving these have either relied on a sample survey or have not provided a national picture (e.g., McGregor-Lowndes et al. 2017), which the ACNC data allows. The ACNC data also allows more granular distinctions to be made among different kinds of charities, building in-depth knowledge to inform evidence-based regulation.

## About the datasets

This report uses data from the AISs and ACNC Register, along with additional administrative information relating to new registrations and revocations of charities. To accurately assess change, this report uses a number of specially constructed sub-datasets, described below.

### 1. ACNC registration data

Over 64,000 charities were registered with the ACNC at some point between 1 January 2014 and 31 December 2016. This registration data was analysed on an annual basis. This dataset includes charities that discontinued or started their operations in the 2014 to 2016 period and the information was used to show the change in the size of the sector, in terms of total number of charities, regardless of whether the charity provided an AIS or not. Information about the reasons for revocation was also available for revocations occurring in 2016.

### 2. AIS balanced panel data

To build an accurate analysis of change over time, data was drawn from charities' AISs provided at the end of each charity's 2014 and 2016 reporting year. The same data quality testing was conducted as in the *Australian charities report 2016*. However, this dataset is different to that used in the *Australian charities report 2016*. While proxy or estimated data was necessary to estimate the total size of the charity sector for the *Australian charities report 2016*, only reported data was used to accurately assess change over time in this report. The sample for this report was, therefore, restricted to only those charities with reported AIS data for both 2014 and 2016, forming a balanced panel<sup>4</sup> of 45,455 charities. A balanced panel allows exploration of changes among charities that reported in

<sup>4</sup> A balanced panel is a dataset comprising of units (individuals, organisations, etc.) for which data is collected over the same periods of time (e.g., over two years).

both years. This approach ensures that the reported change is a real reflection of change among charities operating in both years, rather than driven by changes in the size of the sector, which are explored using registration data in Section 2.

### 3. [AIS financial balanced panel](#)

Financial data was available for approximately 70% of charities (31,794 charities). This was because some charities were not required to report financial data (such as basic religious charities), had not submitted a 2016 AIS by the cut-off date for inclusion in the analysis or had considerable errors in submitted financial data in one or both years. Further information on how the financial balanced panel was constructed is in Appendix A.

### 4. [AIS employment balanced panel](#)

For analysing the change in charities' employment data, a sub-sample of the balanced panel was selected, comprising 43,466 charities with reported employee information in 2014 and 2016. Similar to the rationale for the financial dataset, this dataset allows us to report actual change in the sector, rather than change driven by charities reporting or not reporting in either time period. Further details of the data selection process are in Appendix A.

A summary of charities in each panel is presented in Figure 1.1. There were 34 group reporting charities among the 31,794 charities with reported financial data in 2014 and 2016.<sup>5</sup>

**Figure 1.1 Charities in the balanced panel**

	Number of charities	Dataset used in this report
All charities registered with ACNC between 2014 and 2016*	64,515	Registration and revocation data
Charities registered as of 1 January 2014	55,471	
Charities registered as of 1 January 2016	55,362	
Charities that submitted an AIS 2014	47,953	AIS balanced panel
Charities that submitted an AIS 2016	50,667	
Charities that submitted an AIS in 2014 and 2016	45,455	
Charities with valid 2014 and 2016 financial data	31,794	AIS financial balanced panel
Charities with valid 2014 and 2016 employment data	43,466	AIS employment balanced panel

\*Charities registered at some point between 1 January 2014 and 31 December 2016.

### [Data quality and limitations](#)

Data from 2014 is more comprehensive than that used in the *Australian charities report 2014*, as it includes charities that lodged their AIS after the 2014 report was compiled.

Indeed, the use of a balanced (or matched) panel dataset has a survivorship bias, as it includes only charities reporting in both 2014 and 2016. It excludes charities beginning their operations after 2014 and those ending their operations in the 2014 to 2016 period. To compensate for this limitation, the first part of this report analyses the registration and revocation data (ACNC registration data) to present the change in the size of the sector.

Due to the reduced sample of charities included in the matched datasets (the balanced panel, the financial balanced panel and the employment balanced panel), the annual statistics may differ slightly from those reported in the *Australian charities report 2014* and *Australian charities report 2016*. **For this reason, we recommend that the reader should focus on the change over the period, rather than the reported statistics for each year.**

<sup>5</sup> With ACNC approval, charities can report collectively as a single group. This means that one AIS is submitted on behalf of all charities in the group.

Data in the financial balanced panel has not been adjusted for the Consumer Price Index (CPI) and the extent of change should be understood in the context of the changing economy in Australia over the 2014 to 2016 period, with a reported CPI of 2.8% over the period ([Reserve Bank of Australia](#)).

For some parts of the analysis, the sample size is reduced by the availability of data. Some questions in the AIS were not answered by all charities, which may reduce the ability of the findings to accurately represent the entire population of registered charities. For example, only about 15,000 charities reported their date of establishment, limiting the analysis of income change by charity age to these charities (Section 5).

Group reporting has increased over the period, with only 42 groups reporting in 2014 compared to 170 groups in 2016. Only 34 groups were included in the balanced panel.

Finally, between 2014 and 2016, overall data reporting by charities has improved across financial and non-financial segments of the AIS. For example, in 2014, charities were more likely to categorise their main activity as 'other' (over 5,000 charities in 2014 compared to only 35 charities in 2016). Changes likely to have an impact from improved data reporting are discussed throughout this report.

Notwithstanding these limitations, the coverage of the data and the approach to identifying and correcting errors means the dataset provides the most accurate and comprehensive information ever available about the change in Australia's charities.

### Case studies

In addition to analysis of ACNC data, this report contains five case studies. Information contained in the case studies was obtained primarily through a telephone interview with a representative of the charity. Interview data was supplemented with information about the charity contained on the ACNC Register, in an AIS or on the charity's website. These case studies help demonstrate how charities have changed or remained stable in recent years. They provide examples of strategies for expansion, diversification, growth and stability. The case studies also highlight leaders' perceptions of issues and challenges shaping the operating environment, and ways charity capacity could be strengthened.

### Interpreting the data

This report presents changes for the Australian charities included in the balanced panel. While these charities represent about 70% of the sector in 2016, the statistics presented for each year may differ slightly from those in the 2014 and 2016 annual reports. We recommend that the reader maintains focus in this report on change between the two years of analysis.

While the purpose is to understand how the sector has changed, change should be understood in the context of the absolute data, or the subcategories that are being analysed. For example, in Section 4, the proportion of change in the number of full-time employees in charities with 'aged care activities' was 5.6% and for charities with 'research activities' was 5.7%. However, this equates to an increase of 8,000 employees in the former, compared to only 700 in the latter.

## 2. Charity registrations and revocations



This section provides a general representation of the charity sector in Australia, including

- net change in number of charities between 2014 and 2016
- new registrations between 2014 and 2016
- charity revocations between 2014 and 2016

It uses data from the ACNC registration and revocation data, provided by ACNC in addition to the AIS datasets.

### Charity registrations

A total of 55,471 charities were registered with the ACNC at the end of 2013. Figure 2.1 summarises the number of charities registered each year, from the start of 2014 to the end of 2016, including charities no longer registered and newly registered charities. It shows there were almost 53,000 registered charities at the end of 2016, 5% less than at the end of 2013.

**Figure 2.1** Charity registrations, 2014 –2016

Date	Number of registered charities	Number of new charities	Number of charities no longer registered
1 Jan-31 Dec 2014	57,695	4,338	2,114
1 Jan-31 Dec 2015	52,721	2,641	7,615
1 Jan-31 Dec 2016	52,817	2,065	1,969

Notes: The figures are based on the ACNC Register at 31 December of each year. In the 2015 calendar year, over 5,000 charities were revoked as part of the double defaulter process (see below for an explanation). Around 2,200 charities were revoked in the 2016 calendar year.

Source: ACNC registration data.

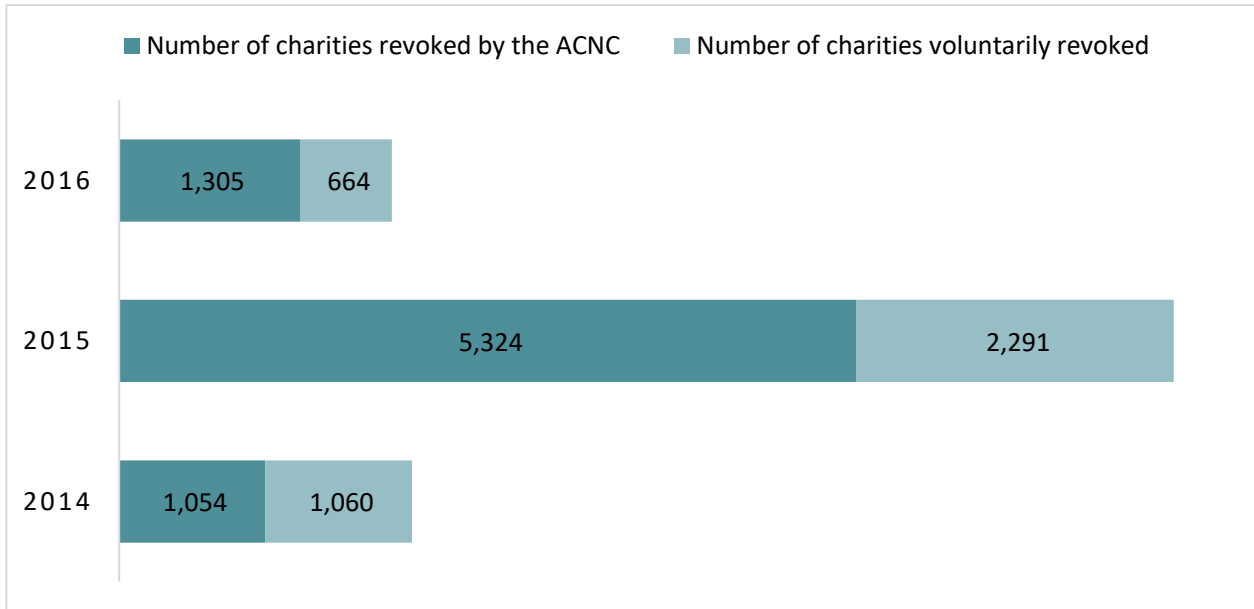
### Charity revocations

Since 2013-14, charities have been required to submit their AIS to the ACNC. Failing to do so for two years is classified as 'double defaulting', resulting in charities being deregistered. During the 2014–15 financial year, the ACNC undertook a series of projects to 'clean up' the register.<sup>6</sup> The emphasis was on confirming the operational status of charities and obtaining accurate and up-to-date information from charities. As a result of this clean-up, a number of charities were removed from the register, including over 5,000 double defaulters.

<sup>6</sup> On its creation, the ACNC received a list of charity records from the Australian Taxation Office. Some of these charities had ceased operation before the ACNC came into existence. Submission of an AIS confirmed a charity's continued operation, but there was no way to identify whether failure to lodge an AIS meant the charity had ceased to operate or was non-compliant with the *ACNC Act*. Additionally, some charity address details were no longer current, and the ACNC initiated a 'return to sender' project which attempted to contact these charities on multiple occasions through various avenues. Charities that were unable to be contacted were also removed from the register.

Charities may also have their registration revoked as a result of a significant breach of the ACNC Act or governance standards, although the number of charities this applies to is small (ACNC 2014).<sup>7</sup> In addition to charities being revoked by the ACNC, charities may opt to be voluntarily revoked. This may happen for a number of reasons including a charity merging with another charity, winding up (i.e., ceasing operations) or continuing operation but without registered charity status (e.g., if circumstances mean their activities no longer meet criteria for registration). As shown in Figure 2.2, after peaking in 2015 (due to the 'clean up' of the register, discussed above), the number of revocations has slightly decreased during the 2016 reporting period compared to 2014.

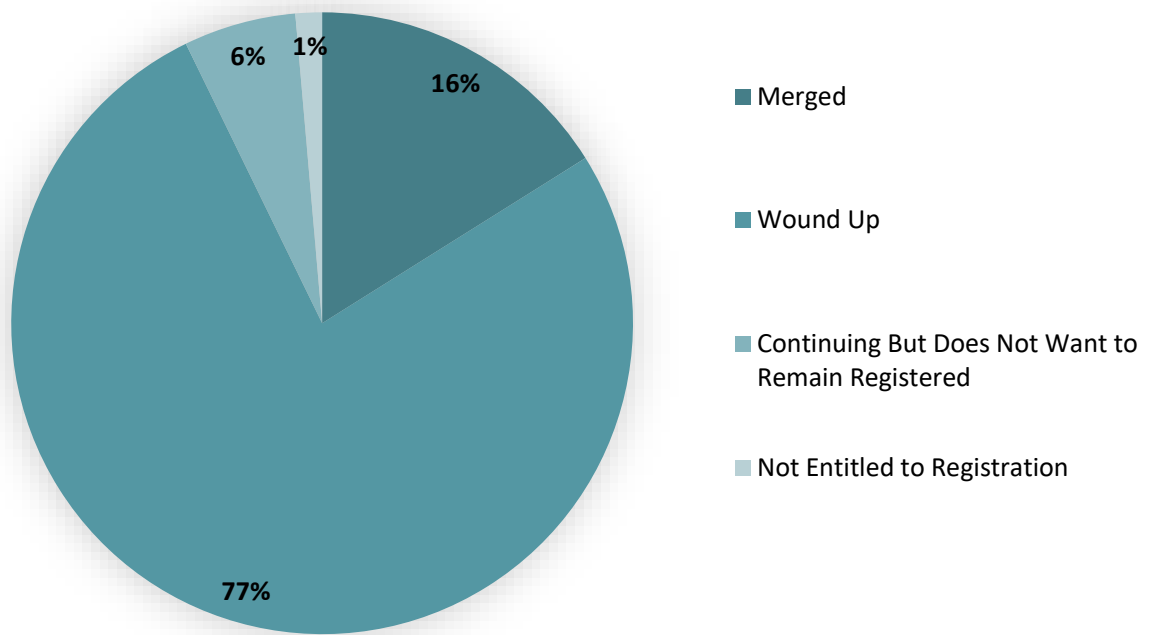
**Figure 2.2 Charities no longer registered by revocation type, 2014 – 2016**



Source: ACNC registration data. See also Appendix B Figure A.1.

<sup>7</sup> For further information see ACNC 2014, *Commissioner's policy statement: revocation by the ACNC*, CPS 2014/03, <[https://www.acnc.gov.au/ACNC/Publications/Policy\\_PDFs/Revocation.aspx](https://www.acnc.gov.au/ACNC/Publications/Policy_PDFs/Revocation.aspx)>.

**Figure 2.3** Reasons for voluntary revocation, 2014–2016 (%)



Notes: ACNC registration data available for 1,523 charities between 1 January 2014 and 1 January 2017. See also Appendix B Figure A.1.

### 3. Trends in the main characteristics of Australian charities



This section presents changes in the profile of charities that submitted their AIS data in 2014 and 2016. It uses data from the balanced panel of 45,455 charities. It describes the changes in size, main activity, operating locations and Deductible Gift Recipient (DGR) status.

#### Size

Charities report their size based on their revenue in the respective year. The AIS form offers the following options and charities are required to indicate the category that best describes them:

- small charity – annual revenue is less than \$250,000
- medium charity – annual revenue is \$250,000 or more, but less than \$1 million
- large charity – annual revenue is \$1 million or more.

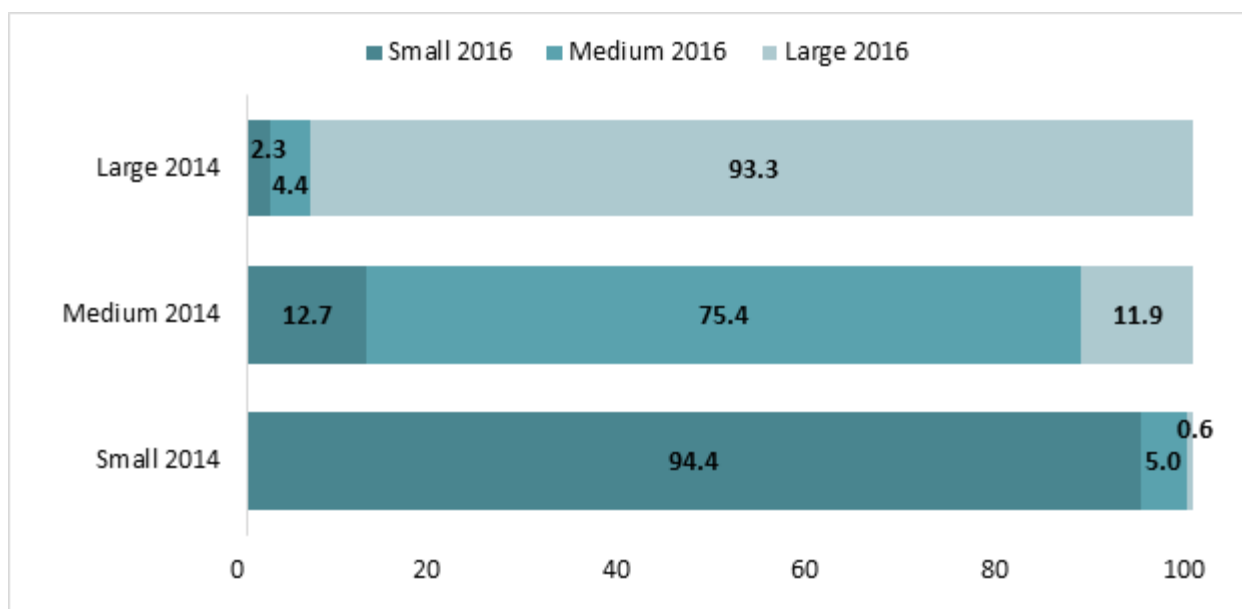
In terms of size, the overall composition of the matched panel dataset (n = 45,455 charities) remained relatively constant between 2014 and 2016 (see Figure 3.1). There was a slight increase in the proportion of large charities, from 16.6% to 17.8%. Correspondingly, the proportion of small charities reduced from 67.3% to 66.0%.

**Figure 3.1** Charity size, 2014 and 2016

Size	2014		2016	
	Number	Per cent	Number	Per cent
Small	30,594	67.3	29,990	66.0
Medium	7,308	16.1	7,364	16.2
Large	7,553	16.6	8,101	17.8
Total	45,455	100	45,455	100

Notes: n = 45,455 charities (balanced panel).

Some charities changed size categories over the period. Medium charities in 2014 were most likely to change revenue categories by 2016. Around one in eight medium charities (12.7%) became small, while almost the same number (11.9%) became large (i.e., experienced an increase in revenue to above \$1 million). This shows that compared with small and large charities, medium-sized charities were more likely to change their size category over the 2014 to 2016 period (see Figure 3.2).

**Figure 3.2** Change in charity size, 2014–2016 (%)

Notes: n = 45,455 charities (balanced panel).

## Main activities

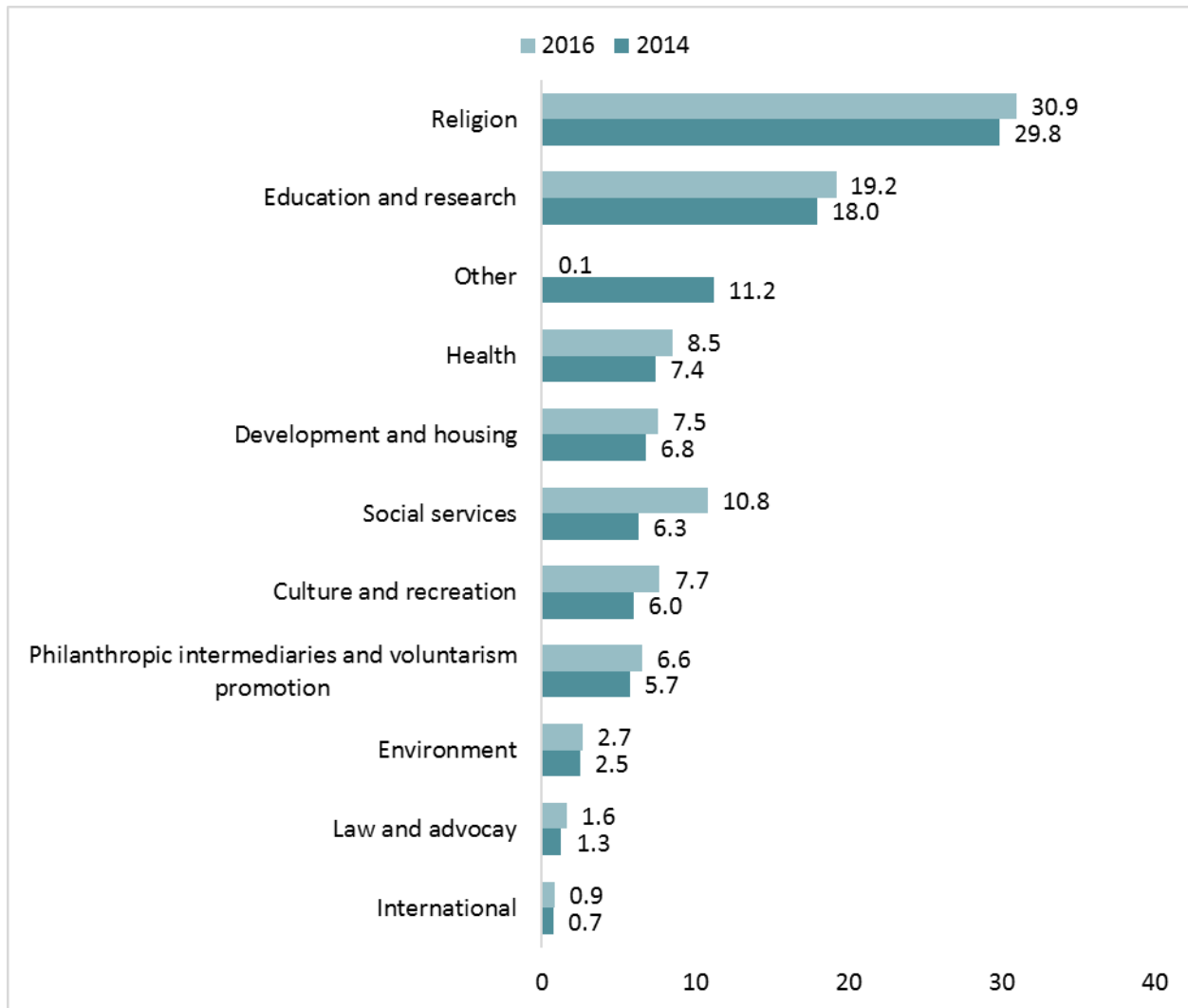
The change in main activity is explored here in sub-sectors, or broad categories (for further information on the alignment of main activities and sub-sectors, see Appendix B Figure A.4). It also focuses on more significant changes in activity, recognising that some charities may have selected different detailed categories of main activity between the years, due to differences in reporting or emphasis in the charity's activities, rather than substantial change in activity.

The most common main activities in both years were 'religion' and 'education and research' (see Figure 3.3). More charities reported conducting main activities in the category of 'social services' and 'culture and recreation' in 2016 compared to 2014. Notably, in 2014, charities were more likely to categorise their main activity as 'other' (over 5,000 charities compared to only 35 charities in 2016), which may have generated increases across all categories. The reduction in charities selecting 'other' reflects improvements in reporting and a better understanding of the reporting requirements over the years.

Almost one in ten charities changed their main activity between 2014 and 2016 (9.3%, or 3,492 charities<sup>8</sup>), with about 800 charities changing their main activity to 'social services' and about 600 to 'development and housing' (see Appendix B Figure A.3).

<sup>8</sup> This does not include the charities reporting 'other' in 2014. The change from 'other' to a specific main activity accounts for an additional 10% change.

**Figure 3.3 Main activity, 2014 and 2016 (%)**



Notes: n = 45,455 charities (balanced panel). Excludes the main activities for 1,942 charities in 2014 and 1,595 charities in 2016 (no data).

### Change in location

The data indicates that charities rarely change the jurisdiction in which they have their main street address (effectively their headquarters). Over one-third (35.4%) were registered in New South Wales, one-quarter (26%) in Victoria, almost 15% in Queensland and 10% in Western Australia (see Appendix B Figure A.2).

In both 2014 and 2016, most charities included in the balanced panel were operating in a single state or territory (82.7% and 84.2% respectively). In 2014, 5.3% of charities had no operations in Australia, but this reduced to 3.7% in 2016 (see Figure 3.4).

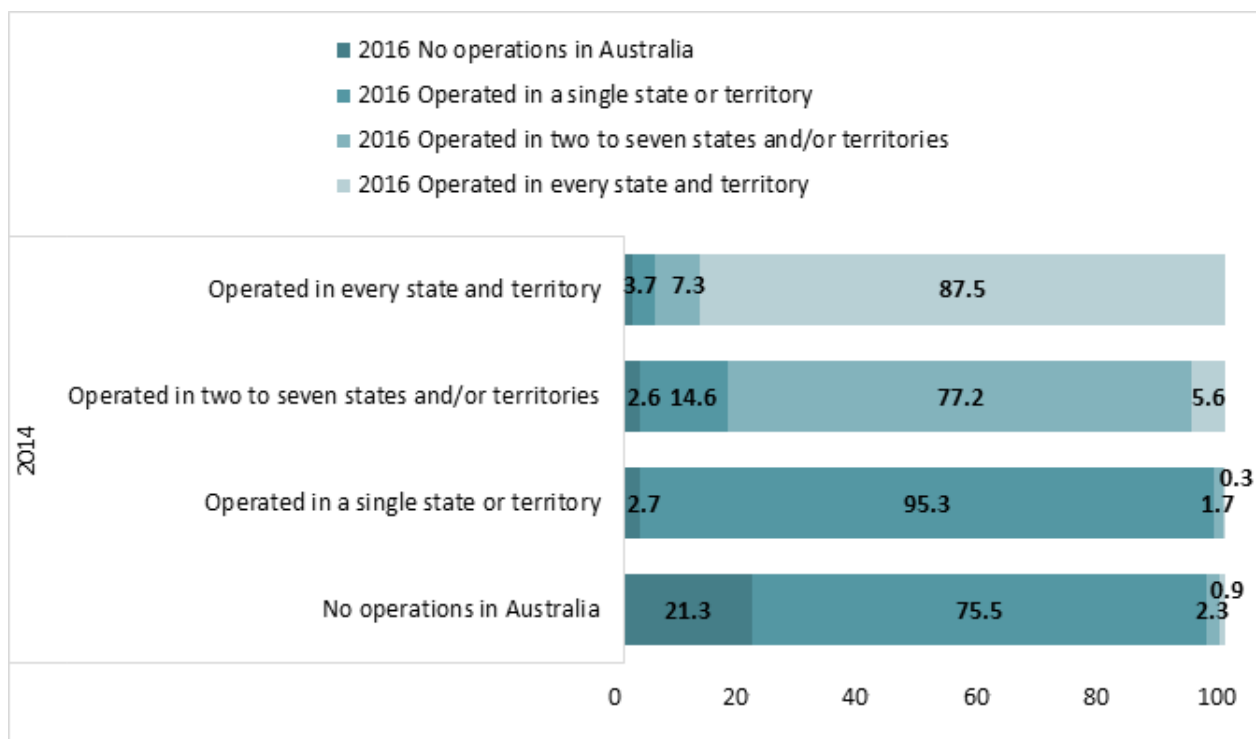
**Figure 3.4 Operating locations, 2014 and 2016**

Size	2014		2016	
	Number	Per cent	Number	Per cent
No operations in Australia	2,416	5.3	1,661	3.7
Operated in a single state or territory	37,607	82.7	38,285	84.2
Operated in two to seven states and/or territories	3,861	8.5	3,786	8.3
Operated in every state and territory	1,571	3.5	1,723	3.8
Total	45,455	100	45,455	100

Notes: n = 45,455 charities (balanced panel).

Figure 3.5 shows that of charities operating in a single state or territory in 2014, 95.3% continued to operate in one jurisdiction by 2016. Of charities operating in every state and territory in 2014, 7.3% reduced the number of jurisdictions they were operating in by 2016. A further 3.7% had reduced their operations to one jurisdiction. Similarly, of those that operated in between two and seven jurisdictions in 2014, 14.6% reduced their operations to a single state or territory by 2016, compared with 5.6% that expanded to operate nationally. This suggests a greater trend of focusing operations in fewer jurisdictions than a move by charities to achieve national coverage.

**Figure 3.5 Change in operating locations, 2014–2016 (%)**



Notes: n = 45,455 charities (balanced panel).

## Charities with DGR status

Some charities may be endorsed by the Australian Taxation Office as DGRs and may subsequently receive tax-deductible gifts and contributions. As some donor organisations and grant makers can only fund DGRs, it can improve charities' access to donations and grants. Among the sample of 45,455 charities in the balanced panel, slightly more charities had DGR status in 2016 compared to 2014 (37.8% compared to 36.8% respectively). Only one charity lost its DGR status between 2014 and 2016, while 472 charities obtained the status over the same period.

**Figure 3.6 DGR status, 2014 and 2016**

	2014		2016	
	Number	Per cent	Number	Per cent
DGR status	16,728	36.8	17,199	37.8
No DGR status	28,727	63.2	28,256	62.2
Total	45,455	100	45,455	100

Notes: n = 45,455 charities (balanced panel).

## Variety Australia: A large national charity for children

Variety Australia is the national association for seven state and territory-based Variety charities, which provide assistance and support to children in need through a federated structure. The vision of Variety charities is for all children to attain their full potential regardless of ability or background. Variety was formed in the United States in 1928 by a group of show-business leaders who used their social club, 'The Variety Club', to raise funds to support care and education of an abandoned baby girl, known as Katherine Variety Sheridan.

The charity was established in Australia in 1975 and, over time, developed into a federated model, with offices in each state and territory. It retains its historical association with the entertainment industry, including through circus language such as 'tents' to refer to its state-based chapters. Grant-making, fundraising and a strong volunteer culture are at the core of its work. A leader explains its contribution:

*We provide for children who are sick, disadvantaged, or have special needs and might otherwise fall through the gaps. Those needs vary dramatically from helping gain mobility and freedom, to supporting life-changing care and treatment, or improving communication, growth and self-esteem. We provide that assistance through grants for such things as equipment to help them in their daily life; wheelchairs, walking frames, hoists, vehicle modifications, learning tools, inclusive play equipment, and things to promote interaction with peers...We also give scholarships across the country for children who demonstrate talent in the area of arts, sports and education...The institutions we support include local schools, children's hospitals and other children's organisations. For example, we have a substantial program to support disability access coaches for schools. We're also involved in helping families care for children with a medical condition and those affected by a rare condition or disease.*

In recent years, the charity has observed changes in its operating environment, including growth in levels of need among children, and changes associated with the introduction of the National Disability Insurance Scheme. Other changes have been initiated internally, including promoting alignment in planning and operations across the states and territories. This has supported national collaboration and partnership around common purpose and efficiencies, while also recognising diversity across the chapters. Variety has also sought to strengthen its capacity by diversifying its fundraising avenues, including through corporate partnerships and individual giving.

An important area of change for the charity has been in measuring impact, which has helped Variety to tailor its grant-making to areas of most impact. A leader explained that although social impact measurement may seem time consuming and expensive for charities, it delivers 'two pronged' benefits in demonstrating accountability and promoting partnership:

*It is about us saying that it's critically important that we are very responsible in our giving...But also, in terms of corporate engagement and corporate support, if you are going to partner with significant organisations, they are now looking for you to provide evidence of the impact that you are having.*

In coming years, Variety anticipates it will experience sustainable growth, including in fundraising and in giving in areas of need. The charity has set its trajectory for growth with a focus on strong governance and risk frameworks, investment in staff development and empowerment of volunteer networks.

## 4. Workforce trends



In this section, the employment balanced panel is used to explore workforce trends among paid employees and volunteers. It examines trends in:

- the number of charities engaging employees and volunteers
- the number of paid employees
- employment type (full time, part time and casual).

In both their 2014 and 2016 AIS, charities reported the number of paid staff and volunteers they engaged. Paid staff included full-time, part-time and casual employees who worked for the charity during the last pay cycle, and if exact figures were not available charities were asked to provide their best estimate. For volunteers, the reporting structure in the two years differs, with volunteer numbers being reported in a range format in 2014 (e.g., between 1 and 10, between 50 and 100), while in 2016 most charities reported the exact number of volunteers working in that reporting period.<sup>9</sup> Therefore, a discussion of the change in number of volunteers is not included in this report.

As with other reports in this series, there are limitations with the employment data. Firstly, charities were not required to distinguish whether casual staff worked on a full-time or part-time basis. Secondly, as the data is for one pay period only, it does not capture seasonal fluctuations in staffing levels. Thus, data in each year should be considered a snapshot of employment at a single point in time, and comparison over time should be interpreted with caution. Nonetheless, the point in time should be relatively consistent across years.

Reporting of workforce data improved between 2014 and 2016 across the 45,455 charities included in the balanced panel dataset, with 99% of charities (n = 45,076) reporting in 2016 compared to only 95.7% (n = 43,519) in 2014. Changes in the workforce are explored using a sub-sample of the balanced panel comprising of 43,466 charities which reported their workforce in both 2014 and 2016 (the employment balanced panel).

### Charities' workforce allocation

The sector remained relatively unchanged in terms of the proportion of charities not using any paid employees (8.9% of charities in 2014 and 8.7% in 2016) (see Figure 4.1). This represents a 1.9% decrease in the number of charities that went from having no paid employees or volunteers in 2014 to having paid employees or volunteers or both in 2016 (or 75 charities).

More significant changes occurred within the type of workforce used across the two years. The number of charities employing only paid staff increased by 6.4%, and there was a 2.1% increase in the number of charities engaging only volunteers. This growth was matched by a 2.3% (n = 471) reduction in the number of charities employing both paid staff and volunteers. A change in the number of volunteers cannot be calculated over the period due to the structure of the data reported each year.

<sup>9</sup> While for the 2014 Australian Charities Report the mid-point of the range was used to estimate the number of volunteers, this approach is not desirable when comparing to 2016 data.

**Figure 4.1 Charities' workforce allocation, 2014–2016**

	2014		2016		Change	
	Number	Per cent	Number	Per cent	Number	Per cent
Volunteers only	16,319	37.5	16,666	38.3	347	2.1
Paid staff only	3,096	7.1	3,295	7.6	199	6.4
Paid staff and volunteers	20,185	46.4	19,714	45.4	-471	-2.3
No paid staff and no volunteers	3,866	8.9	3,791	8.7	-75	-1.9
Total	43,466	99.9	43,466	100		

Notes: n = 43,466 (employment balanced panel). Percentages for 2014 do not add to 100% due to rounding.

## Paid workforce trends

The proportion of charities engaging any paid workers slightly decreased between 2014 and 2016, from 53.6% of charities to 53% (see Figure 4.1). Using the employment balanced panel data, this section presents the change in the number of paid employees.

Overall, there was a 4.4% increase in the total number of staff employed. This is consistent with charity workforce trends reported elsewhere, including the 2015 and 2016 Australian charities reports (Powell et al. 2017; Cortis et al. 2016). The greatest increase was among casual staff (10.7%), from approximately 288,000 casual staff employed in 2014 to almost 320,000 in 2016. Part-time employment in the sector also increased by 4.5% over the period, and the number of full-time employees, while representing the greatest group of staff employed by charities in each year, increased by only 0.2% across the years (see Figure 4.2).

The proportion of employees the sector engages as a proportion of Australia's total workforce has remained relatively stable at 9.5% in 2014 and 9.6% in 2016.<sup>10</sup>

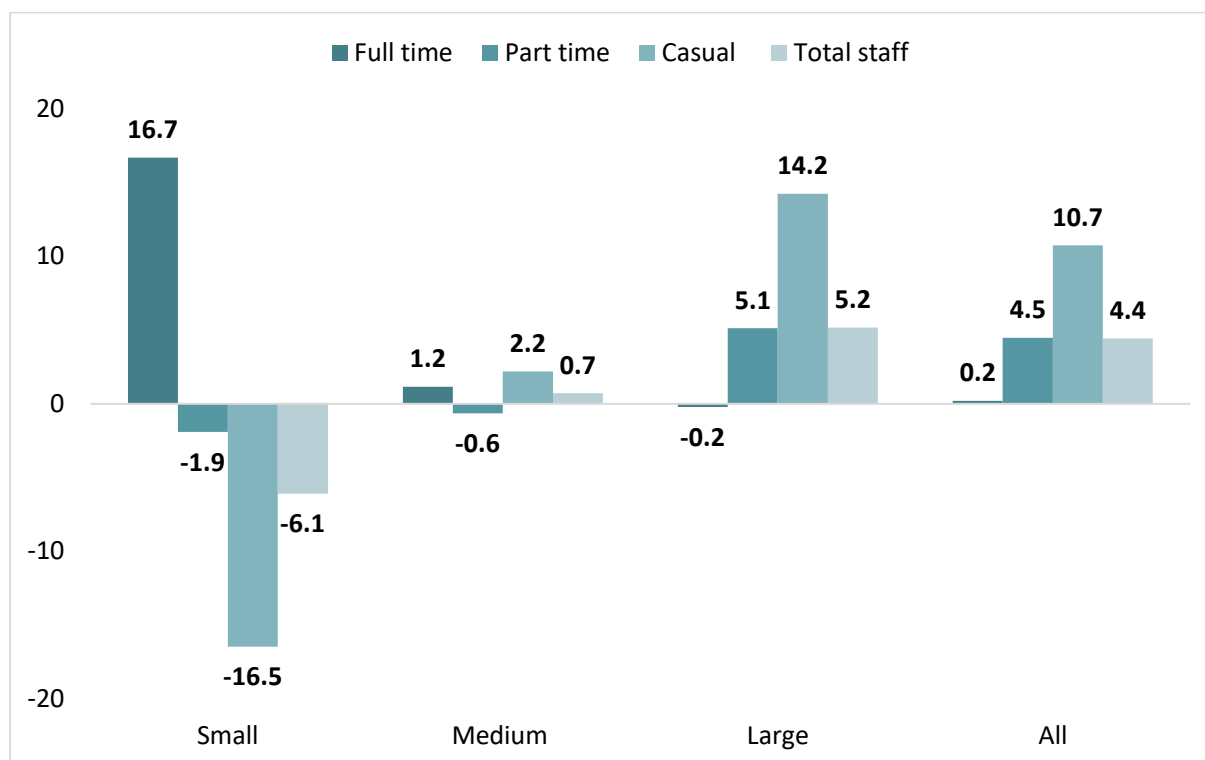
**Figure 4.2 Change in paid staff, 2014–2016**

Type of staff employed	2014		2016		Change (total)	Change (%)
	Total	Mean	Total	Mean		
Full time	432,133	9.9	432,923	10.0	790	0.2
Part time	381,645	8.8	398,714	9.2	17,069	4.5
Casual	288,852	6.6	319,851	7.4	30,999	10.7
Total	1,102,630	25.4	1,151,489	26.5	48,859	4.4

Notes: n = 43,466 (employment balanced panel). Includes charities with zero paid staff in 2014 and/or in 2016. Totals may not match due to rounding.

Small charities were more likely to experience greater fluctuations in employment than medium or large charities (see Figure 4.3). The number of full-time staff employed by small charities in 2016 was 16.7% higher than in 2014, and there was a corresponding decrease (16.5%) in the number of casual staff these charities employed. The biggest increase in the number of casual staff was reported by large charities (14.2% increase compared to 10.7% increase overall).

<sup>10</sup> Calculated using Australian Bureau of Statistics, *Labour Force, Australia*, Cat 6202.0 for Nov 2014 and Nov 2016, when there were 11,613,900 and 11,949,300 employees respectively.

**Figure 4.3** Change in the number of full-time, part-time and casual staff by charity size, 2014–2016 (%)

Notes: n = 43,466 (employment balanced panel).

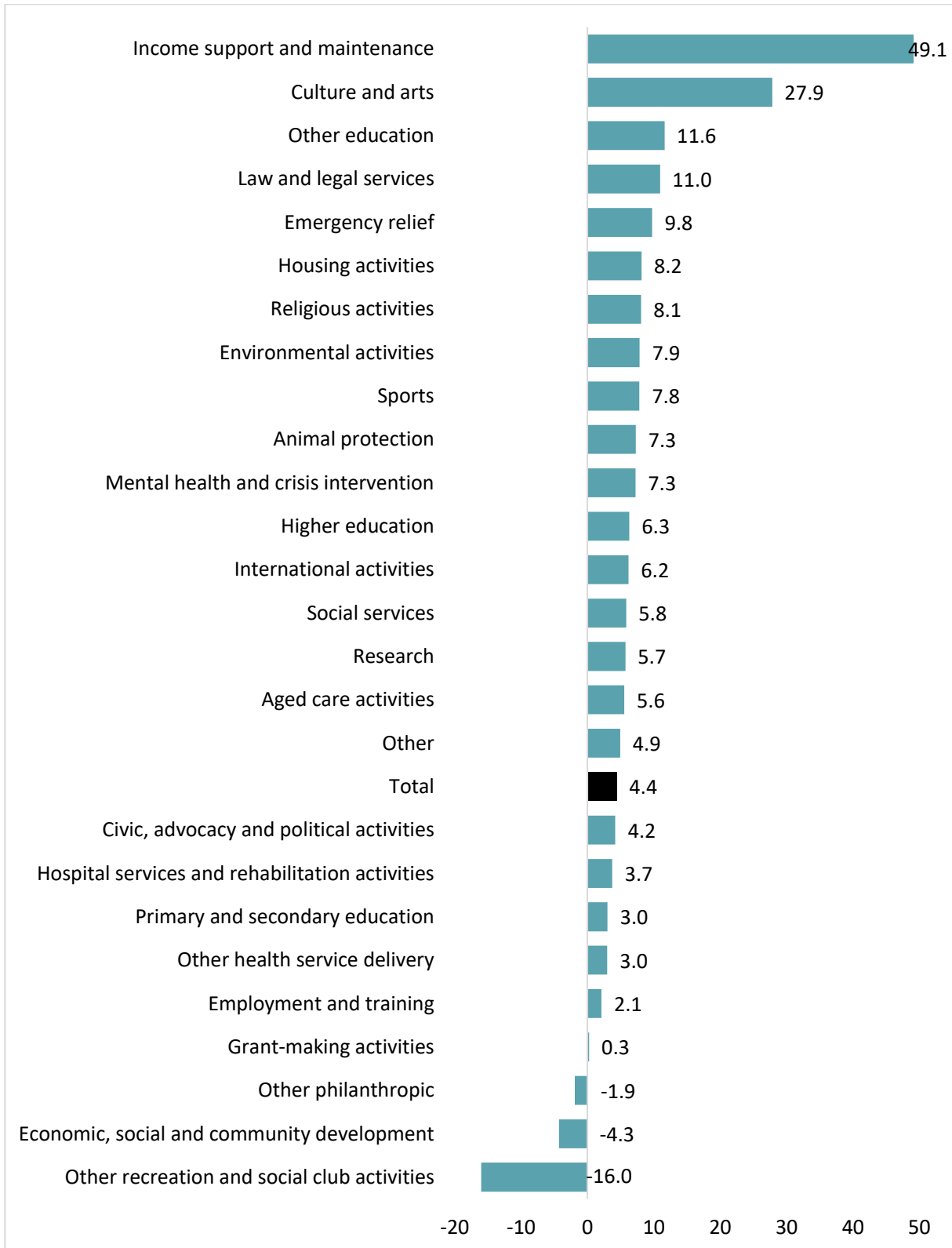
Changes in the workforce vary across charities when analysed by their main activity. The top three main activity types experiencing growth in the number of paid staff are 'income support and maintenance' (49.1%), 'culture and arts' (27.9%) and 'other education' (11.6%). For charities in 'other philanthropy', 'economic, social and community development' and 'other recreation and social club activities', the number of paid staff has decreased (see Figure 4.4). Changes in full-time, part-time and casual staff employed differ with charities' main activities:

- The highest increase in the number of **full-time staff** employed was reported by charities involved in 'religious activities' (13.4%), 'housing activities' (11.6%) and 'law and legal services' (9.1%).
- The highest increase in **part-time employment** was reported by charities involved in 'income support and maintenance', 'emergency relief' and 'animal protection'.
- The highest increase in casual staff was reported by charities involved in 'international activities' (95.2%), 'income support and maintenance' (58.1%) and 'culture and arts' (53.7%) (see Appendix B)

- Figure A.7).

It is important to understand the changes in employment by main activity in the context of the actual number of employees in each activity categories. For charities in some activity groupings, the number of employees in 2014 was lower than in other groups, and while the proportion of change seems great, the actual number of additional employees might be relatively low. For example, the proportion of change in the number of staff employed by charities in 'aged care activities' (5.6%) is similar to that of employees of charities in 'research' (5.7%). However, this equates to 8,019 additional staff in 'aged care activities' and 696 additional staff in 'research'. Tables detailing the actual number of staff employed in each year by charities' main activity are in Appendix B Figure A.8.

**Figure 4.4** Change in total numbers of paid staff by main activity, 2014–2016 (%)



Notes: n = 43,466 (employment balanced panel).

## Aussie Vets PTSD Group Incorporated: A newly established charity operated by volunteers

Aussie Vets PTSD Group Inc. is a new small charity operating across Australia, dedicated to supporting veterans and the veteran community experiencing post-traumatic stress disorder (PTSD) and related long-term illnesses and disabilities. The group was established in 2013 by a person affected by PTSD who noticed a gap in support to the veteran community. The group became a registered charity in 2016 and received DGR status in 2017.

The group's activities focus on the provision of peer support and assistance to veterans and others affected by PTSD, primarily via an online forum. Postings focus on helping those affected by PTSD to source confidential counselling and medical services, ultimately to ease hardship and improve wellbeing among veterans and their families. The group also works to raise awareness of PTSD and foster respect and appreciation for veterans. It also provides support as a partner of other charities working to address need among veterans, including by raising funds for these charities.

The charity has committee members in each state, including people who have been directly affected by PTSD. The charity has no paid staff. Revenue comes from donations and sales of t-shirts produced to raise awareness. While the charity is extra small, it recognises that its impact is greater:

*The donations and expenditure might not be there, but the impact of who we're reaching is a lot greater.*

Reflecting this, each week the charities' online posts attract engagement from over 45,000 people.

As a very small, volunteer-based charity growing out of an online group, the process of obtaining registration was found to be expensive and time consuming. However, by becoming a registered charity, the group has been able to more actively fundraise and develop. As a representative explained:

*Since we've got the registration and have been able to push forward, we've done a lot more.*

As well as enabling it to more actively raise and distribute funds, registration has also enabled the charity to demonstrate to partners and the wider community that it is accountable. For the future, the group has recognised a need to build its marketing and IT capacity but is also keen to keep fundraising costs low.

## 5. Trends in total income



This section examines changes in charities' total income. Total income is the sum of income from government grants, any donations and bequests, 'other revenue'<sup>11</sup> and 'other income'.<sup>12</sup> While in 2016, charities reported 'other revenue' and 'other income' as separate categories, this was not the case in 2014, when income from sources other than government grants and donations and bequests were reported as 'other revenue or income' (see Figure 5.1). For this reason, the financial analysis did not allow the exploration of change in total revenue (revenue from government grants, donations and bequests, and other revenue).

**Figure 5.1** Income reporting categories, AIS 2014 and AIS 2016

2014 AIS reporting	2016 AIS reporting
Government grants	Government grants
Donations and bequests	Donations and bequests
Other revenue or income	Other revenue
	Other income
Total gross income	Total gross income

This section uses the financial balanced panel, a subset of the AIS balanced panel, in which charities have provided financial data in both 2014 and 2016 and is, therefore, based on data from 31,794 charities. It looks at total aggregate income by:

- charity size<sup>13</sup>
- main activity
- age
- location.

For the 31,794 charities, **total gross income increased by 10%, from \$110.7 billion in 2014 to \$121.8 billion in 2016**. Mean income also grew, from \$3.5 million in 2014 (median \$153,721) to \$3.9 million in 2016 (median \$159,066) (see Appendix B Figure A.10).

<sup>11</sup> Other revenue is revenue/receipts as part of a charity's operations, such as fundraising from a raffle, non-government grants, membership fees, rental income, sale of goods, or dividends received.

<sup>12</sup> Other income is income from transactions that are not part of a charity's ordinary operations but affect their profit and loss. This may include forgiveness of a liability or debt, gains on foreign currency transaction, and other gains (such as the sale of an asset).

<sup>13</sup> The size measure used in this report is the size indicated by charities in their 2014 AIS, by revenue received: small (annual revenue less than \$250,000), medium (annual revenue is \$250,000 or more, but less than \$1 million) and large (annual revenue is \$1 million or more).

## Change in concentration of income

The largest 1% of charities, measured in terms of their gross income, account for more than half of all income in the sector, and this ratio has remained relatively stable over the past two years (56.3% in 2014 and 57.0% in 2016). However, this is equivalent to a \$7 billion (or 11.3%) increase in the total gross income of the top 1% charities (see Figure 5.2), slightly higher than the 10% increase across the sector.

**Figure 5.2** Change in concentration of income, 2014–2016

Proportion of charity sector by income	2014 (\$)	2016 (\$)	Change (\$)	Change (%)
Top 1%	62,371,192,346	69,416,789,639	7,045,597,293	11.3
Top 10%	97,889,619,244	108,052,044,261	10,162,425,017	10.4
Top 20%	105,474,897,974	116,249,294,932	10,774,396,958	10.2
Top 50%	110,035,873,422	121,097,291,552	11,061,418,130	10.1
Lowest 50%	677,676,613	685,056,544	7,379,931	1.1
Total	110,713,550,035	121,782,348,096	11,068,798,061	10.0

Notes: n = 31,794 (financial balanced panel).

## Income trends by size of the charity

As shown in Figure 5.3, the proportional increase in income between 2014 and 2016 was greatest among small charities, whose total income increased by 25.5%.

**Figure 5.3** Change in total income by charity size, 2014–2016

Size	2014 (\$)	2016 (\$)	Change (\$)	Change (%)
Small	1,978,768,517	2,483,181,207	504,412,690	25.5
Medium	3,705,305,047	4,029,297,405	323,992,358	8.7
Large	105,029,476,470	115,269,869,484	10,240,393,014	9.8
Total	110,713,550,035	121,782,348,096	11,068,798,061	10.0

Notes: n = 31,794 (financial balanced panel). Totals may not sum due to rounding.

### Box 1 Measuring the extent of change

Throughout this report, particularly in relation to monetary values, we discuss the extent of change different charities experienced over the period in relation to growth and contraction. To simplify the analysis, we analyse change from 2014 to 2016 in five broad categories:

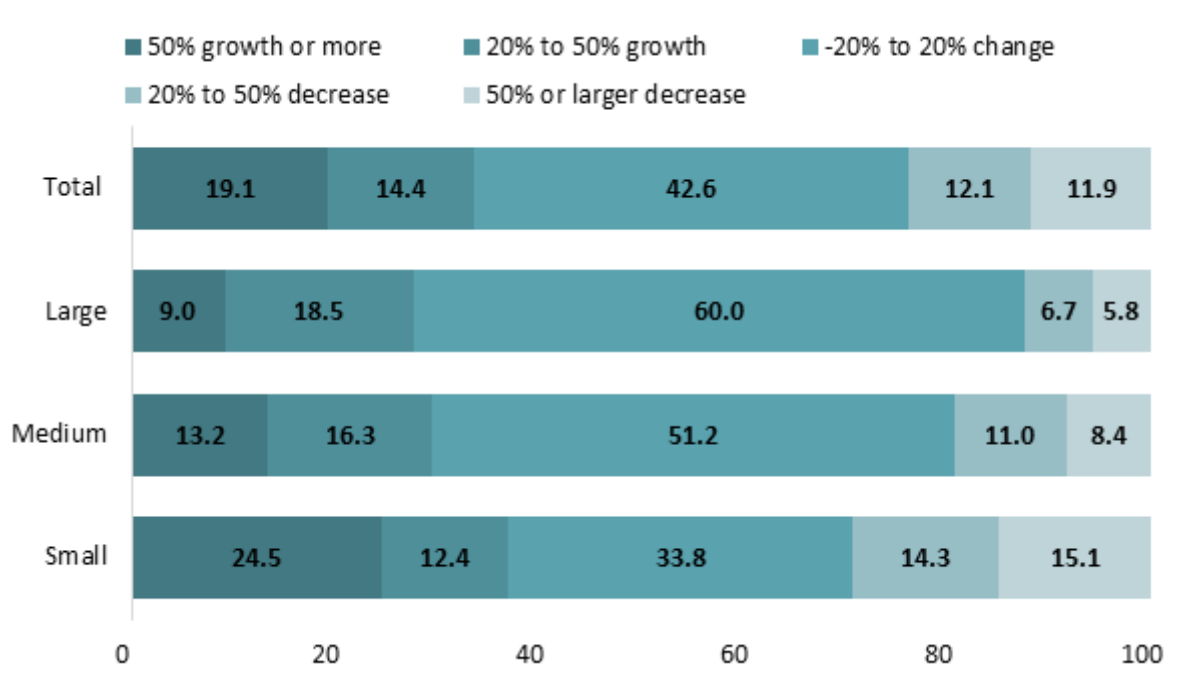
- High increase (increase of over 50%)
- Moderate increase (increase of 20–50%)
- Limited or no change (increase or decrease of 20%)
- Moderate decrease (decrease of 20%–50%)
- High decrease (decrease of more than 50%).

As shown in Figure 5.4, more than two in five charities (42.6%) had an income in 2016 within 20% of their 2014 income. Of those charities that experienced a moderate or high level of change, 33.5% increased their total gross income by 20% or more while 24.0% reduced their income by 20% or more.

Almost one in five (19.1%) experienced a significant reduction of income, with total gross income falling by 50% or more over the period. By size, small charities were more likely to report negative fluctuations in their income, with almost 30% reporting a decrease in total income (14.3% saw a decrease of 20% to 50% and 15.1% saw a decrease of 50% or more), compared to only 12.5% of

large and 19.4% of medium charities. Large charities were the most stable, with 60.0% experiencing minimal change in their total income.

**Figure 5.4** Change in total income by charity size, 2014–2016 (%)

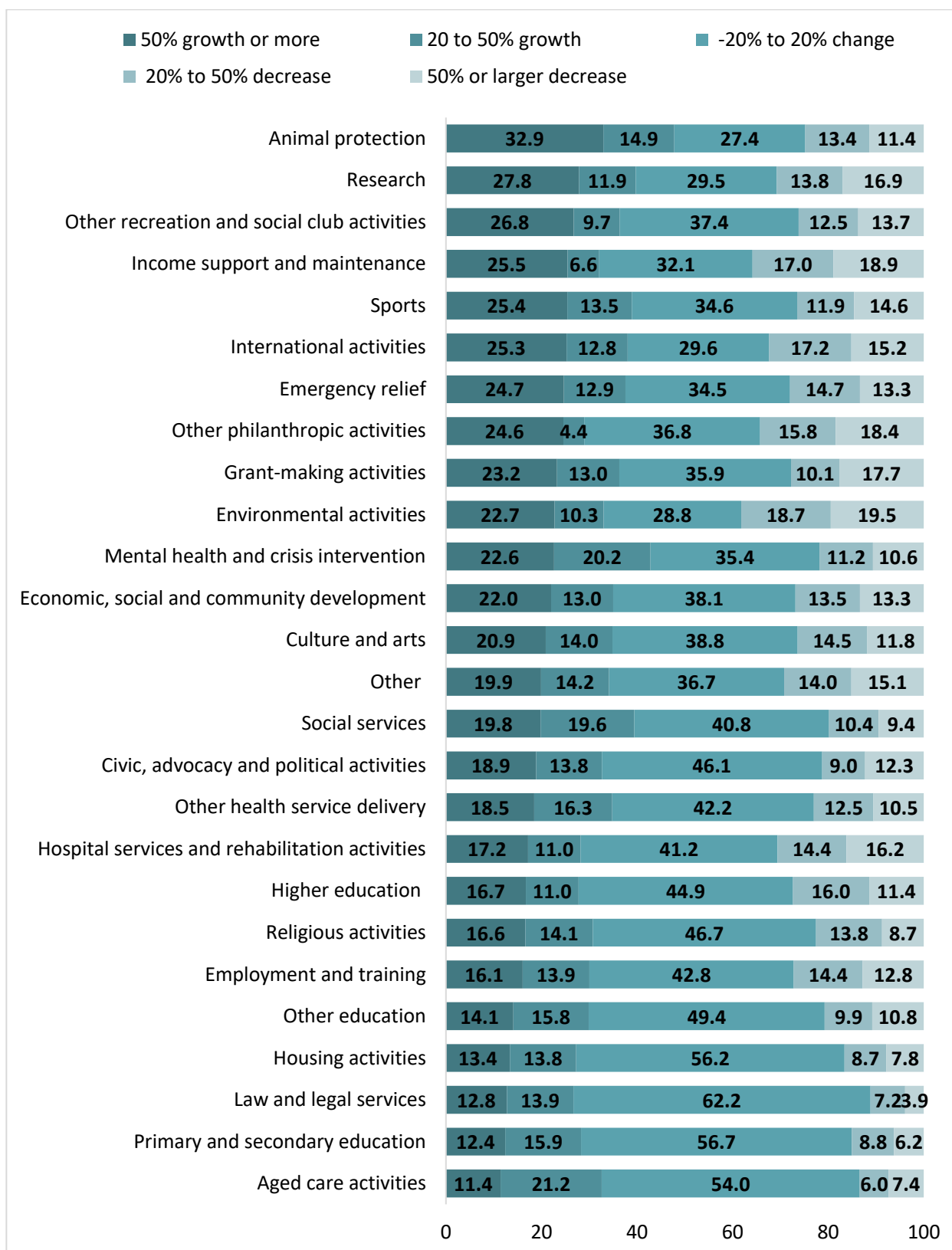


Notes: n = 31,794 (financial balanced panel). Percentages may not add up to 100% due to rounding.

## Main activity and income

Figure 5.5 shows the level of income change according to main activity. One-third of charities with the main activity ‘animal protection’ (32.9%) experienced significant growth over the period, and a further 14.9% experienced more moderate growth. More than half of charities focused on ‘aged care’, ‘primary and secondary education’, ‘law and legal’ and ‘housing’ had relatively stable incomes. Relatively high proportions of charities focused on ‘environmental activities’ and ‘income support and maintenance’ experienced income decreases of over 50% in the period (19.5% and 18.9% respectively).

**Figure 5.5** Level of income growth by main activity (%)



Notes: n = 31,794 (financial balanced panel). Percentages may not add up to 100% due to rounding.

## Charity age and income

This section examines charity income by charity age. Charity age refers to the age of charities in 2014. As would be expected, younger charities experienced higher rates of income growth over the period, albeit from a low base. This may be consistent with the early stage of establishing a charity and achieving desired scale. Those aged less than one year in 2014 had income growth of 59.3% in the period 2014 to 2016, while those aged between one and five years had income growth of 40.2% (see Figure 5.6). More established charities grew at more moderate rates.

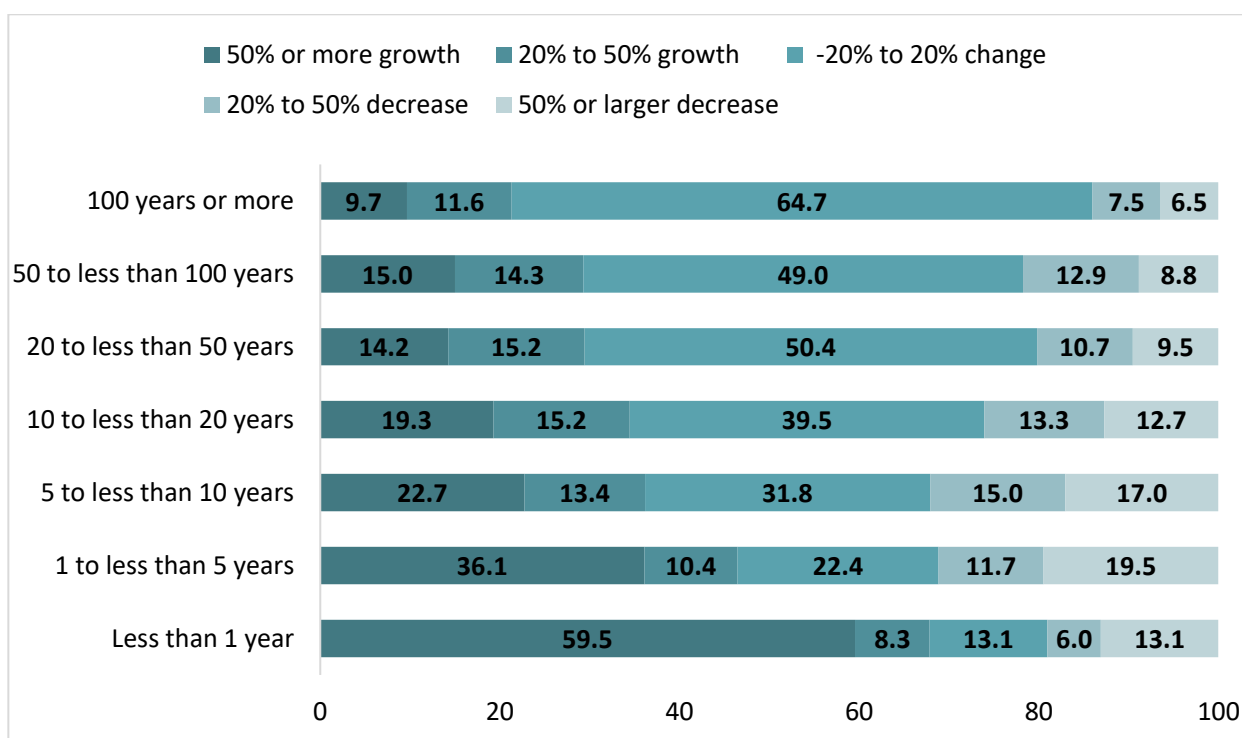
**Figure 5.6** Change in total income by charity age, 2014–2016

Charity age	2014 (\$)	2016 (\$)	Change (\$)	Change (%)
Less than 1 year	64,476,536	102,718,180	38,241,644	59.3
1 to less than 5 years	1,431,608,869	2,007,229,009	575,620,140	40.2
5 to less than 10 years	2,141,393,977	2,478,185,790	336,791,813	15.7
10 to less than 20 years	6,131,671,573	6,321,912,132	190,240,559	3.1
20 to less than 50 years	23,652,967,740	26,551,751,718	2,898,783,978	12.3
50 to less than 100 years	10,673,941,971	11,453,041,525	779,099,554	7.3
100 years or more	7,801,741,738	8,081,299,310	279,557,572	3.6

Notes: n = 15,153 (financial balanced panel). Includes only charities with reported date of establishment.

Figure 5.7 demonstrates income stability among older charities. Almost two-thirds (64.7%) of charities aged 100 years or more reported incomes in 2016 which were within 20% of their 2014 incomes. On average, the older a charity was, the more stable its income, with over half of charities aged 20 years or more experiencing little to no change (i.e., a 2016 income within 20% of their 2014 income), compared to only 13.1% of charities aged less than one year in 2014 and 22.4% of charities aged one to five years. Younger charities were also the most likely to experience the greatest income growth, with almost 60% of charities aged less than one year in 2014 experiencing income growth over 50%.

**Figure 5.7** Change in total income by charity age, 2014–2016 (%)



Notes: n = 15,153 (financial balanced panel). Includes only charities with reported date of establishment. Percentages may not add up to 100% due to rounding.

## Income trends by charity location

### Jurisdiction

Figure 5.8 shows that charities based in Tasmania grew most rapidly in terms of their total income<sup>14</sup> (16.3%), followed by those based in Queensland (12.5%). Of note, however, is that the increase in Tasmania in dollar terms is relatively small (\$343.9 million) compared to other states. For example, New South Wales experienced an increase in total income of \$4.13 billion, and total income in both Victoria and Queensland increased by more than \$2 billion. The total income reported by charities based in the Northern Territory decreased by 0.9%.

**Figure 5.8** Change in total income by jurisdiction, 2014–2016

Jurisdiction	2014 (\$)	2016 (\$)	Change (\$)	Change (%)
TAS	2,111,121,142	2,455,022,388	343,901,246	16.3
QLD	18,267,592,261	20,559,964,518	2,292,372,256	12.5
NSW	35,301,084,099	39,426,928,110	4,125,844,010	11.7
WA	12,210,565,607	13,347,905,696	1,137,340,089	9.3
ACT	3,004,908,882	3,237,196,624	232,287,742	7.7
VIC	31,030,533,768	33,414,950,357	2,384,416,589	7.7
SA	7,623,604,060	8,186,153,732	562,549,672	7.4
NT	1,164,140,214	1,154,226,671	-9,913,543	-0.9
Total	110,713,550,035	121,782,348,096	11,068,798,061	10.0

Notes: n = 31,794 (financial balanced panel).

### Remoteness

In all areas, total income grew between 2014 and 2016, with the exception of charities with a main street address in remote areas, when their total income fell by 16.6% (see Figure 5.9).

**Figure 5.9** Change in total income by remoteness, 2014–2016

Remoteness classification	2014 (\$)	2016 (\$)	Change (\$)	Change (%)
Major cities	92,776,077,234	102,349,243,701	9,573,166,467	10.3
Inner regional	11,168,314,876	12,141,828,016	973,513,140	8.7
Outer regional	3,644,173,281	3,994,431,541	350,258,260	9.6
Remote	873,061,593	728,087,232	-144,974,361	-16.6
Very remote	346,649,482	379,424,951	32,775,469	9.5

Notes: n = 30,624 (financial balanced panel). Remoteness classification missing for 1,170 charities.

### Charities operating overseas

As shown in Figure 5.10, income growth in charities operating overseas only (i.e., with no Australian operations) was much higher than for other charities. This is particularly interesting given earlier evidence that the number of charities with no operations in Australia has decreased between 2014 and 2016, indicating a smaller number of charities are responsible for the income growth.

<sup>14</sup> This information should be interpreted with caution as one charity is accountable for two-thirds of the growth for Tasmania's charities.

**Figure 5.10** Change in total income by overseas operations, 2014–2016

Overseas operating status	2014 (\$)	2016 (\$)	Change (\$)	Change (%)
Only operated overseas (no operations in Australia)	416,143,070	548,922,394	132,779,324	31.9
Some activities conducted overseas	12,471,645,806	13,074,645,598	602,999,792	4.8
Did not conduct activities overseas	97,646,083,882	107,823,912,768	10,177,828,886	10.4

Notes: n = 31,794 (financial balanced panel).

## Project AWARE®: A growing global charity

Established in 1992, Project AWARE® is a global movement for ocean protection powered by a worldwide community of adventurers. Their ocean conservation activities started as a project—an environmental ethic initiated by the Professional Association of Diving Instructors (PADI®) in the late 1980s.

In 1992, with tremendous support from the dive community, the Project AWARE Foundation was registered as an independent 501(c) 3 non-profit organisation in the United States. To engage divers and activists around the world in conservation, Project AWARE became an established United Kingdom charity in 1999 and received formal non-profit status in Australia in 2002.

Globally, the network has 11 paid staff (currently recruiting an additional three to four staff members) and a volunteer base of over one million. The volunteer base is mainly made up of scuba divers but is inclusive of ocean enthusiasts from all walks of life.

The Australian-registered charity is the headquarters for the Asia-Pacific. According to its 2016 AIS, Project AWARE (Asia Pacific) Foundation had three paid staff along with 30,000 volunteers. Revenue comes from corporate partners, including through PADI, and individual donors and philanthropic grants. The charity does not receive funds from government.

The charity is now in a period of expansion and change, driven by new leadership. The charity's vision is a return to a clean, healthy ocean—connecting the passion for ocean adventure with the purpose of marine conservation. One aspect of change within the charity is to broaden the focus beyond shark and ray conservation and marine debris, to ensure activities are responsive to the different needs of local communities. As a representative explained:

*We've been focused very much on sharks and rays and marine debris for about the last eight years, but now we're actually in a period of expansion, aiming to offer more 'fins on' AND 'fins off' activities according to the needs of local communities.*

In the process of change, the charity seeks to both strengthen the engagement of divers and expand engagement with all ocean-minded people, to broaden their activity and grow their movement for ocean protection. The charity also seeks to use technology to further connect their global network of volunteers and assist with conservation activities, such as a mobile phone application for their citizen science activities.

The growth in ocean-based tourism in Asia has been identified as a source of opportunity. As well as promoting local activities, the charity is changing the way it is managing global operations. This involves moving from a model of individual charity operations in each region to sharing and pooling resources to operate more globally and increase impact. While there are challenges in balancing local and global aspirations through a period of growth and change, the charity is optimistic about its prospects to achieve impact:

*It's a really exciting time now, not just for our charity, but for ocean protection in general. The scale of awareness on the issues we're dealing with, such as plastic pollution and ocean health in general, has reached a new level and we're able to now capitalise on that to grow and make a difference.*

## 6. Trends in income composition



The previous section examined changes in total income, however, the broad trends identified may mask variations by income composition. This section uses data from the financial balanced panel (31,794 charities) to examine trends in income composition further, disaggregating income by:

- government grants (revenue from government<sup>15</sup>)
- donations and bequests
- other income and revenue.

The analysis accounts for changes in how data was collected between 2014 and 2016. In 2016, charities reported 'other income' and 'other revenue' separately (see Section 5, Figure 5.1 for an explanation of what is included in each category), while in 2014, only medium and large charities reported in these categories as small charities were asked to report under a single 'other income/receipts' category. To ensure consistency, this section compares the aggregate of 'other income and revenue' in the analysis of change between 2014 and 2016.

In addition to examining the change in total income from each of these sources, this section explores trends in the:

- proportion of charities receiving income from each source
- level of income received from each source.

This section also examines trends to diversify incomes, showing changes in the number of income sources, and providing a case study of a charity which has successfully diversified during the period.

### Gross income sources

Total gross income increased by 10.0% between 2014 and 2016. Total income in the AIS is derived from information about charities' receipt of income from three main sources: 1) government grants, 2) donations and bequests, and 3) other sources of revenue or income.

In both 2014 and 2016, 'other income and revenue' was the biggest source of income. However, this category of income grew 8.7% over the period, which was below the level of growth in total gross income. Conversely, while donations and bequests comprise the smallest source of income on average it grew at the highest rate between 2014 and 2016, by 14.8%. Almost half of the \$11 billion growth in total income came from growth in government grants (see

<sup>15</sup> A government grant is funding provided by the Commonwealth, state or territory government, or a local government body, to a charity for a purpose, such as to provide goods or services to beneficiaries in accordance with the terms of the grant. This includes general purpose grants and funding received under a contract with the government to provide specified services.

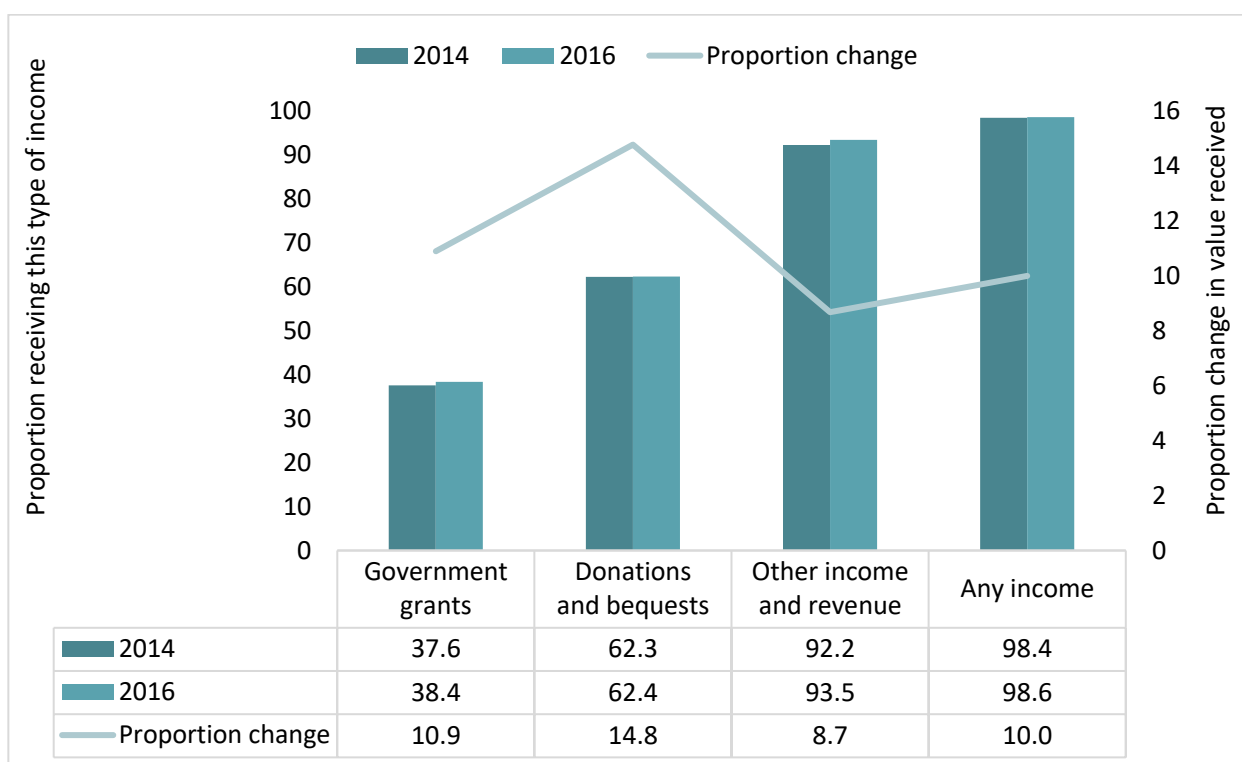
Figure 6.1).

**Figure 6.1** Change in composition of total income, 2014–2016

	2014 (\$)	2016 (\$)	Change (\$)	Change (%)
Government grants	47,772,118,020	52,976,471,179	5,204,353,159	10.9
Donations and bequests	6,617,239,665	7,594,943,283	977,703,618	14.8
Other revenue or income	56,324,192,346	61,210,933,634	4,886,741,288	8.7
Total gross income	110,713,550,031	121,782,348,096	11,068,798,065	10.0

Notes: n = 31,794 (financial balanced panel).

In each year, over 98% of charities received at least one type of income and the proportion of charities receiving each type of income remained relatively stable between the years (see Figure 6.2). However, as noted above, growth in the amounts charities reported from each source differed. Changes in mean figures are provided in Appendix B Figure A.12.

**Figure 6.2** Charities receiving each income type (%) and change in income level (%)

Notes: n = 31,794 (financial balanced panel).

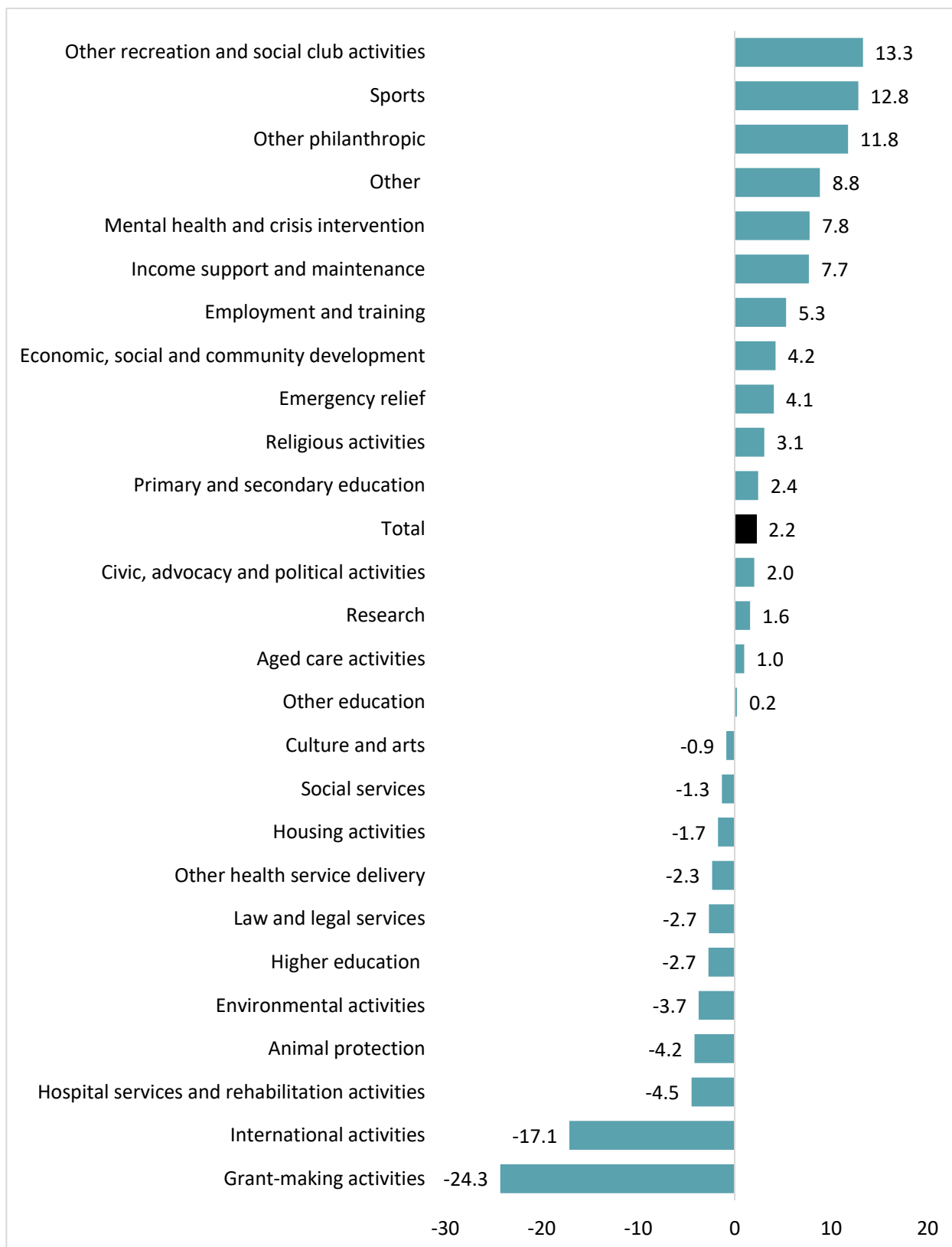
## Government grants

A government grant is funding provided by the Commonwealth, state or territory government, or a local government body, to a charity for a purpose, such as to provide goods or services to beneficiaries in accordance with the terms of the grant. This includes general purpose grants and funding received under a contract with the government to provide specified services. The ACNC has become aware that the term 'government grants' in AIS questions can be misleading and so, from the 2017 AIS, it has been replaced with the term 'revenue from government (including grants)'.

### Receipt of government grants

Overall, there was a 2.2% increase in the number of charities receiving government grants between 2014 and 2016. A greater number of charities with main activities in areas such as 'other recreation and social club activities', 'sports', or 'other philanthropic activities' received more grants from the government in 2016 than in 2014, while the number of charities receiving government grants reduced among charities with the main activities of 'grant-making' and 'international activities' (see Figure 6.3).

**Figure 6.3** Change in the number of charities receiving grants from the government by main activity, 2014–2016 (%)

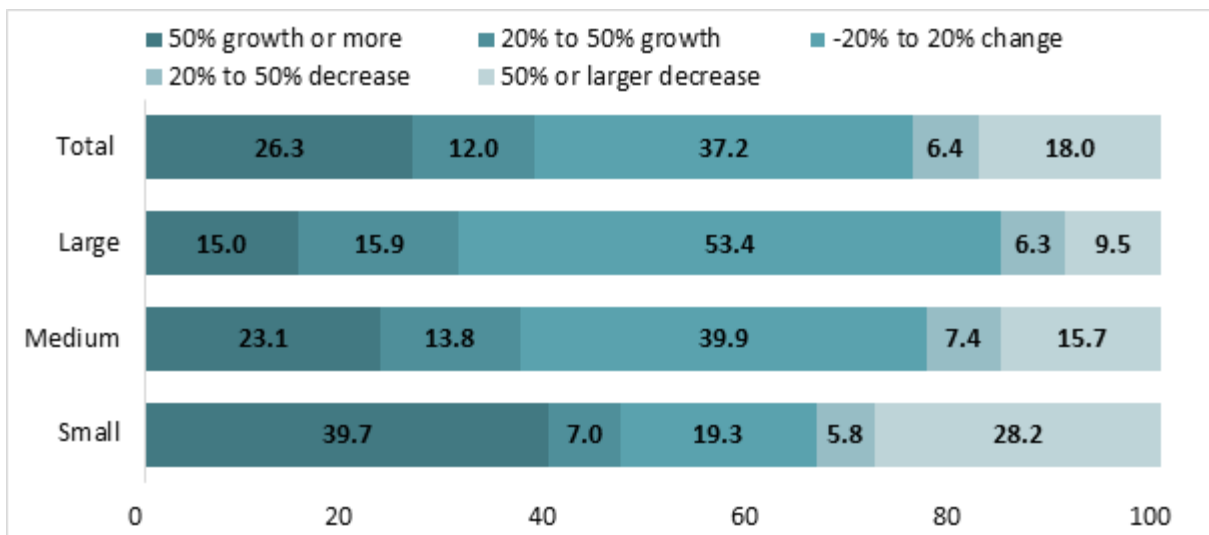


Notes: n = 31,794 (financial balanced panel).

**Level of government grants**

As shown in Figure 6.4, large charities were more likely than others to experience limited or no change in the total amount of government grants they received. A little over half (53.4%) of large charities maintained a similar level of government grants between 2014 and 2016, maintaining 2016 incomes within 20% of their 2014 levels. This was higher than for small and medium charities (19.3% and 39.9% respectively). More charities reported growth in government grants than decreases. Overall, 38.3% experienced growth of more than 20%, while 24.4% experienced a decrease of 20% or more. Government grants reported by small charities were most likely to have changed over the period. For over one-third of small charities, this represented an over 50% increase in government grants (see Figure 6.4), although this likely refers to small amounts of funding.

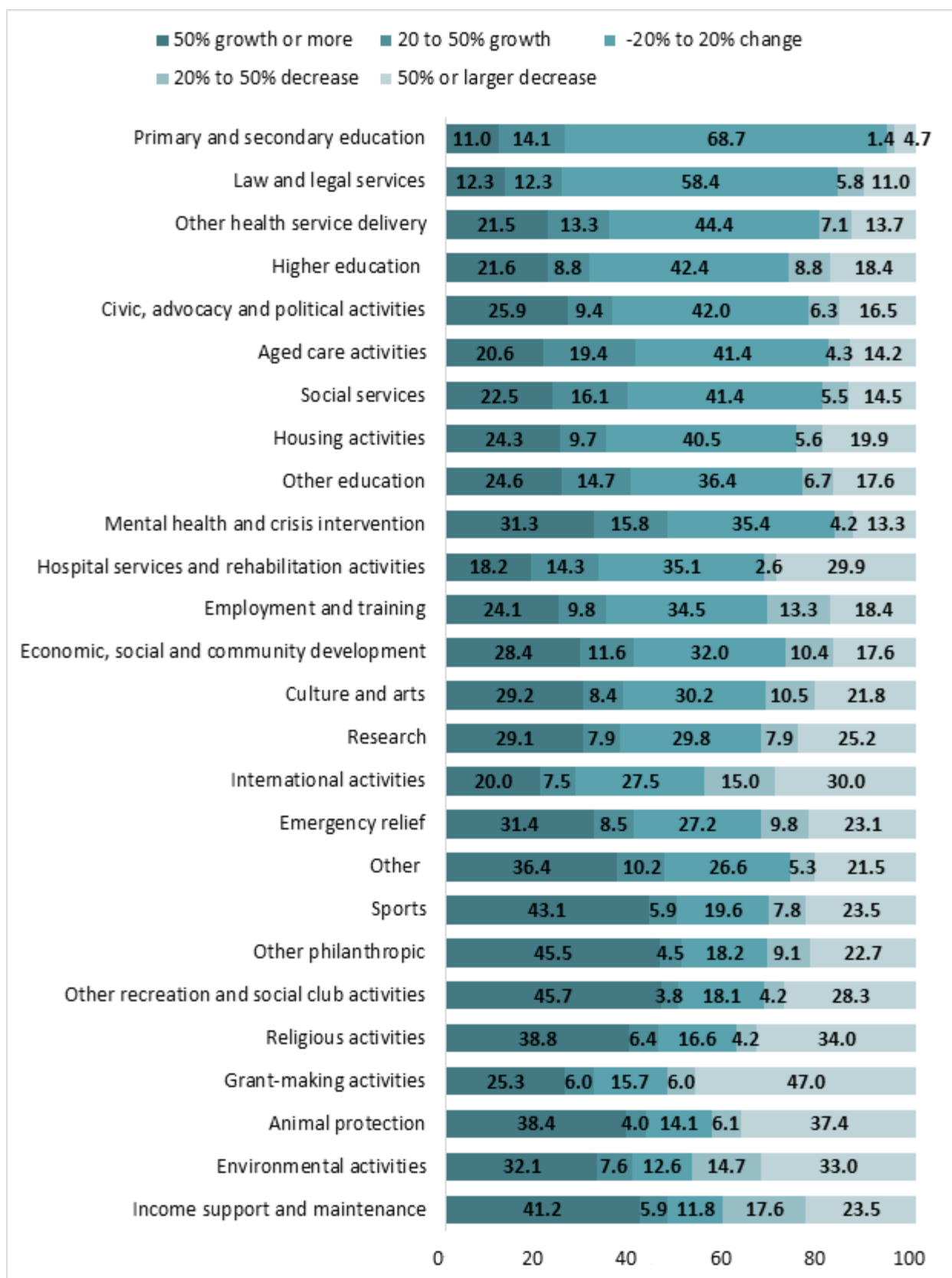
**Figure 6.4 Change in receipt of government grants by charity size, 2014–2016**



Notes: n = 31,794 (financial balanced panel). Percentages may not add up to 100% due to rounding.

Figure 6.5 shows the proportion of charities reporting change in government grants by main activity. A high proportion of charities in ‘primary and secondary education’ had little to no change between 2014 and 2016. This was followed by ‘law and legal services’ (58.4%) and ‘other health services’ (44.4%). By contrast, there was a relatively high level of change among charities focused on ‘income support and maintenance’ (only 11.8% had grants in 2016 within 20% of 2014 levels) and among charities focused on ‘environment activities’ (12.6%), ‘animal protection’ (14.1%), ‘grant-making’ (15.7%) and ‘religious activities’ (16.6%).

**Figure 6.5** Change in level of government grants received by main activity, 2014–2016 (%)



Notes: n = 15,353 (financial balanced panel). Calculations were based on charities which had income from government grants. Main activity information was missing for 233 charities. Percentages may not add up to 100% due to rounding.

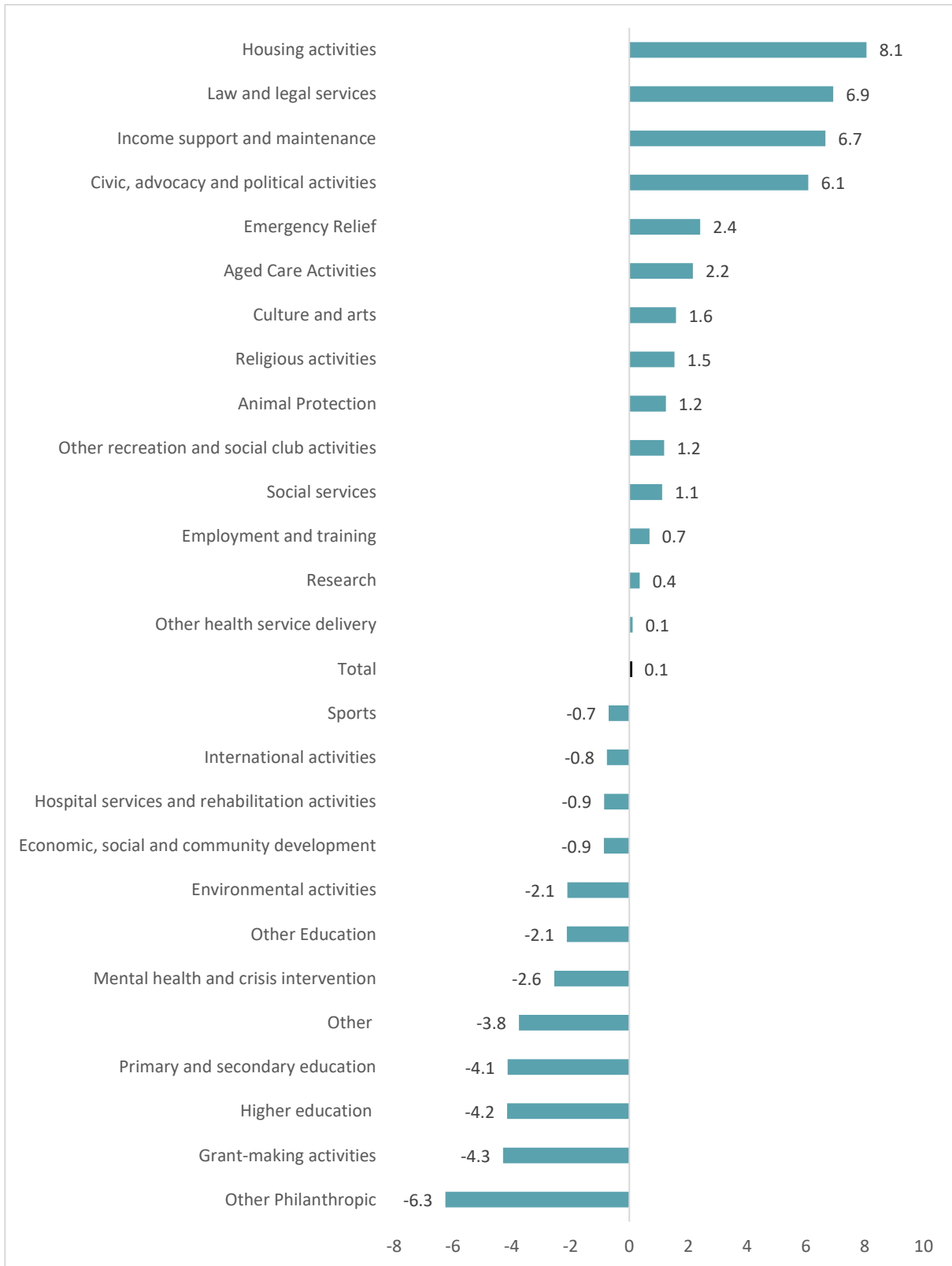
## Donations and bequests

A donation or bequest is when a charity receives voluntary support (in cash or gifts in kind) and there is no material benefit to the donor. For example, it would not be a donation if the person giving money to the charity does so because they were the highest bidder at a charity auction. Donations and bequests include: donations (both tax-deductible and non-tax deductible) from public collections, fundraising, members (but not membership fees), supporters, employees, philanthropic trusts and corporations; and bequests and memorials.

### Receipt of donations and bequests

Although the total value of donations and bequests grew over the period by 14.8%, the number of charities receiving income from this source remained relatively stable, increasing by only 0.7%. However, rates of growth differed by main activity. For charities focused on 'housing activities', there were 8.1% more charities receiving donations and bequests, and in 'law and legal services', there were 6.9% more charities reporting income from this source. In other categories of main activity, the number of charities receiving donations and bequests reduced between 2014 and 2016. This includes categories of main activity where donations tend to comprise a relatively high proportion of income, including 'grant-making' and 'international activities' (see Figure 6.6).

**Figure 6.6** Change in number of charities receiving donations and bequests by main activity, 2014–2016 (%)



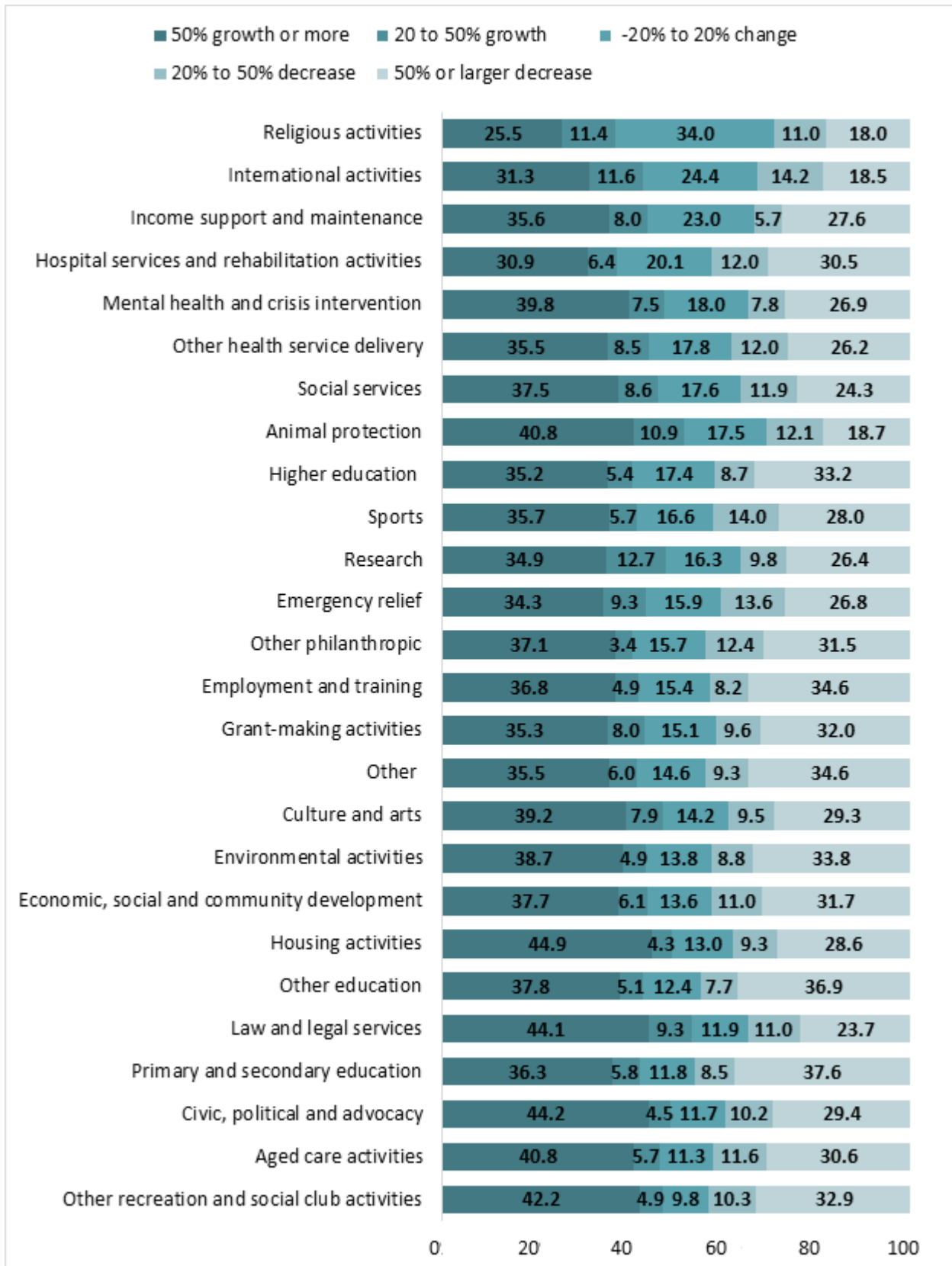
Notes: n = 21,970 (financial balanced panel). Calculations were based on charities which reported income from donations and bequests in either year. Main activity information was missing for 535 charities. Graphical representation based on figures rounded to three decimal places.

### Level of donations and bequests

The level of change in donations and bequests received was very similar regardless of charity size (see Appendix B Figure A.13). However, as shown in Figure 6.7, there was variation by main activity. Donations and bequests were relatively stable for a high proportion of charities focused on 'religious activities' (34.0%), 'international activities' (24.4%) and 'income support and maintenance' (23.0%), and less stable for those focused on 'other recreation and social club activities' (9.8%) and 'aged care activities' (11.3%). Categories with high proportions of charities reporting growth in donations and bequest include 'law and legal services' (53.4%) and 'animal protection' (51.7%). High proportions of charities in 'primary and secondary education' and 'hospital and rehabilitation' reported reductions (of 20% or more) in their levels of donations and bequests between 2014 and 2016 (46.1% and 42.5% respectively) (see Figure 6.7 and also Appendix B

Figure A.14).

**Figure 6.7** Change in level of donations and bequests received by main activity, 2014–2016 (%)



Notes: n = 21,970 (financial balanced panel). Calculations were based on charities which reported income from donations and bequests in either year. Main activity information was missing for 535 charities. Percentages may not add up to 100% due to rounding.

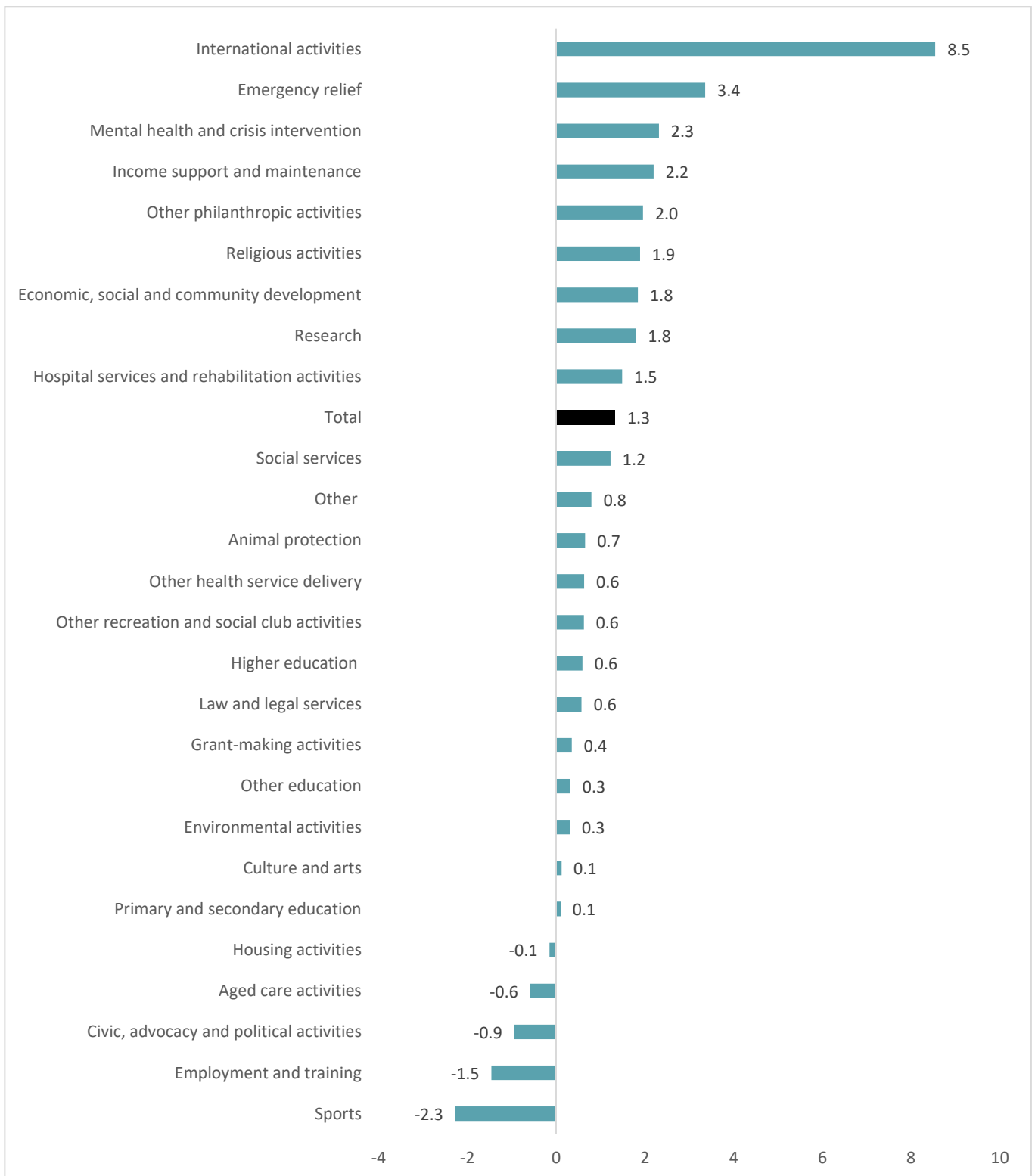
### Other revenue or income

'Other revenue or income' includes income categorised as 'other revenue/receipts' and 'other income' in the AIS. As explained in the introduction to this section, 'other revenue/receipts' includes other funding received as part of a charity's ordinary operations. It may include: income from selling goods or services as part of fundraising (e.g., proceeds from a raffle), income from lotteries and gaming, non-government grants, membership fees, other fees and charges, sponsorship and licencing fees, sale of goods, interest, rental income and dividends received. Other income includes income from transactions that are not a part of the charity's ordinary operations, but which may affect their bottom line, for example, the sale of an asset (e.g., equipment or real estate) or writing-off a liability or debt. Due to differences in reporting between 2014 and 2016 (see Figure 5.1), we are not able to disaggregate other revenue/receipts from other income and the two components are analysed as 'other revenue or income'.

#### Receipt of other revenue or income

Between 2014 and 2016, there was a 1.3% increase in the number of charities reporting the receipt of 'other revenue or income'. This ranged from a 2.3% decrease in the number of charities receiving such income by charities with main activity of 'sports' to an 8.5% increase in charities operating in the sphere of 'international activities' (see Figure 6.8).

**Figure 6.8** Change in charities receiving 'other revenue or income' by main activity, 2014–2016 (%)

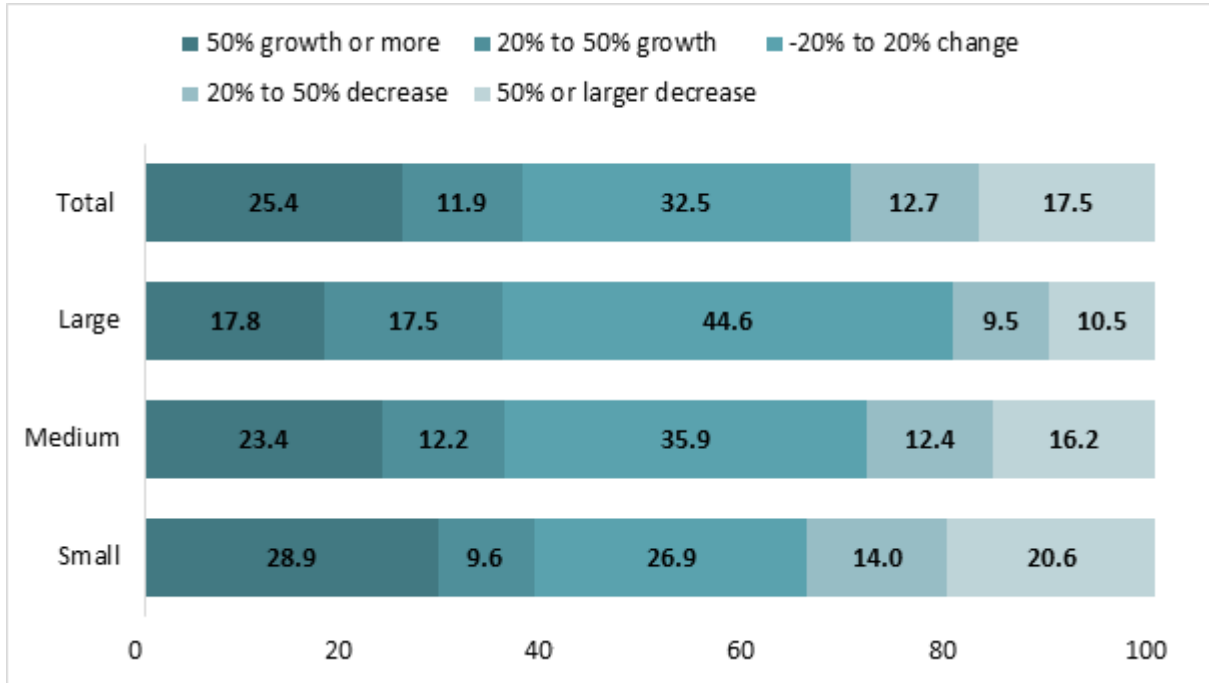


Notes: n = 29,774 (financial balanced panel). Calculations were based on charities which reported other income. Main activity information was missing for 883 charities. Graphical representation based on figures rounded to three decimal places.

**Level of other revenue or income**

Large charities were most likely to report little to no change in the level of other revenue or income received between 2014 and 2016 (44.6%) (see Figure 6.9). Small charities had bigger variations. Just over a quarter of small charities reported relative stability (26.9%), while almost 40% reported increases over 20% or higher, and 35% reported a decrease of 20% or more in other income and revenue.

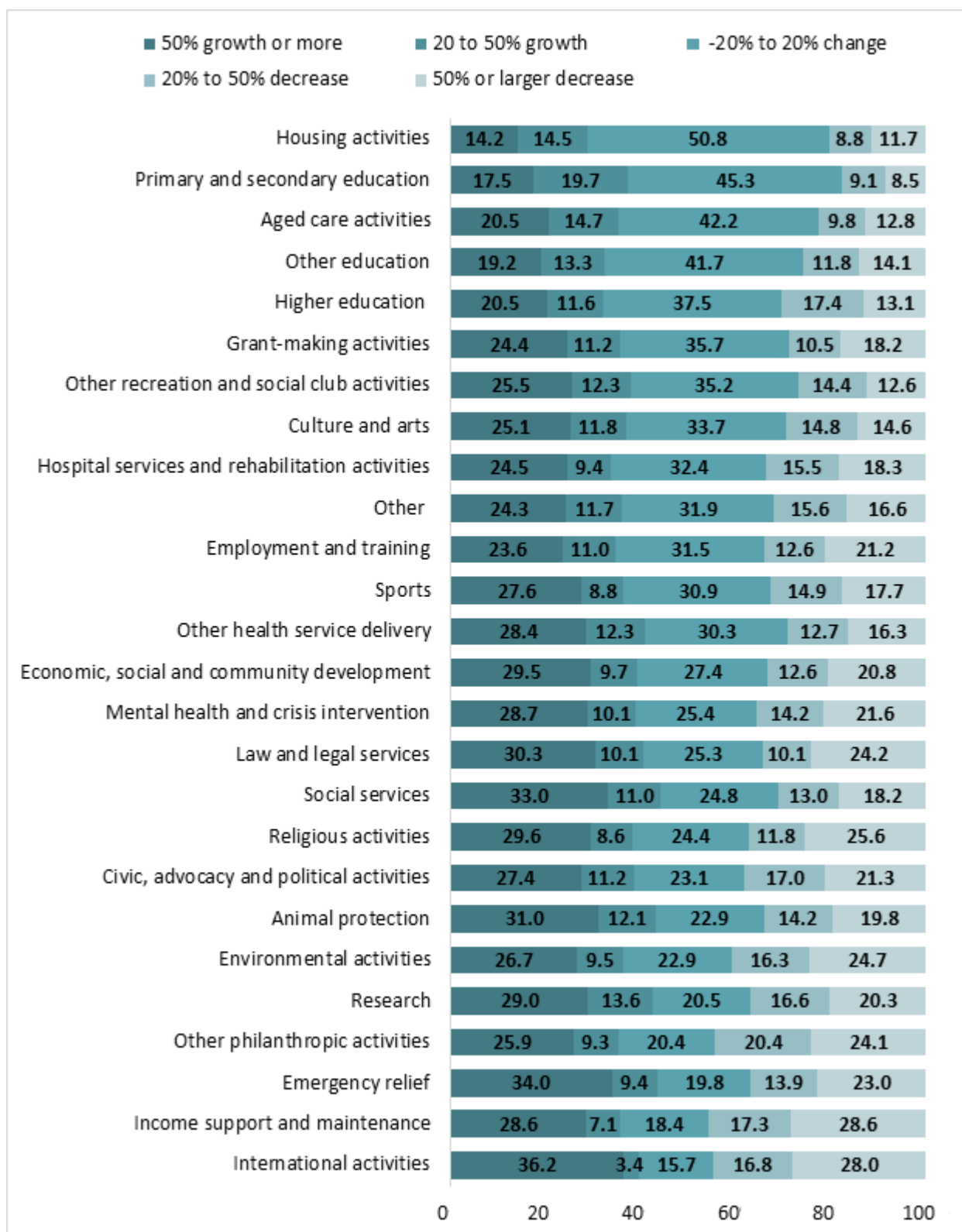
**Figure 6.9** Change in level of 'other revenue or income' by charity size, 2014–2016 (%)



Notes: n = 29,774 (financial balanced panel). Calculations were based on charities which reported other income and revenue. Main activity information was missing for 883 charities. Percentages may not add up to 100% due to rounding.

A breakdown by main activity is provided in Figure 6.10. This shows that a high proportion of charities which maintained relatively stable levels of other revenue or income received were involved in 'housing activities' (50.8%), 'primary and secondary education' (45.3%) and 'aged care activities' (42.2%). A growth in other income was reported by a high proportion of charities involved in 'social services' (44.0%), 'emergency relief' (43.4%), 'animal protection' (43.1%) and 'research' (42.6%). In keeping with findings from the total number of charities receiving income from 'other revenue or income', charities with the main activity of 'international activities' were most likely to experience growth of 50% or more (36.2%).

**Figure 6.10** Change in level of 'other revenue or income' by main activity, 2014–2016 (%)

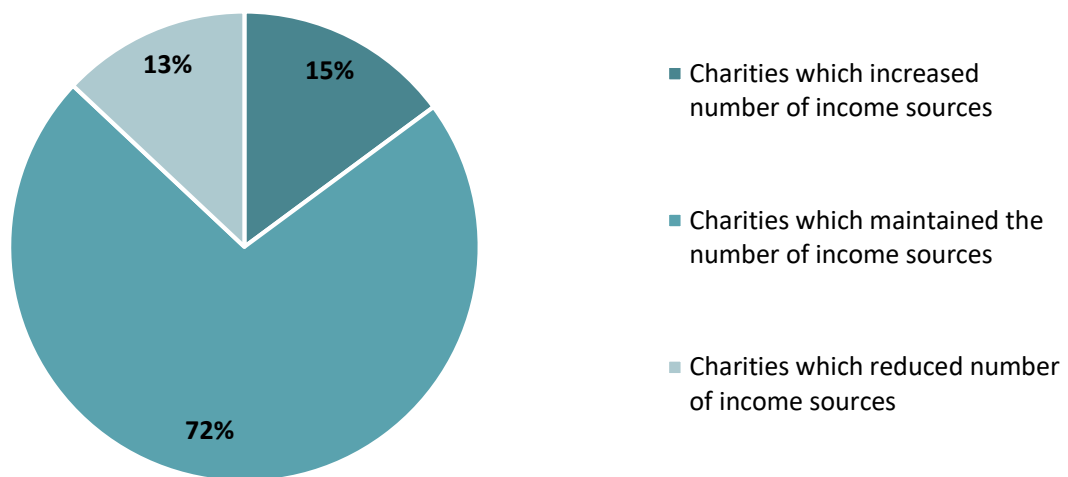


Notes: n = 29,774 (financial balanced panel). Calculations were based on charities that reported other income and revenue. Main activity information was missing for 883 charities. Percentages may not add up to 100% due to rounding.

## Income diversification

This section examines income diversification in terms of the number of income sources reported by charities—this is an indicator of whether charities rely heavily on particular funding streams.<sup>16</sup> Data shows that between 2014 and 2016 there was minimal change in the number of income sources charities reported. There was 5.3% growth in the number of charities receiving income from three or more sources from 2014 to 2016 (see Appendix B Figure A.12). Almost three-quarters of charities maintained the same number of sources they received revenue from, while almost 15% indicated a more diverse range of income sources (see Figure 6.11).

**Figure 6.11** Change in the number of income sources, 2014–2016 (%)

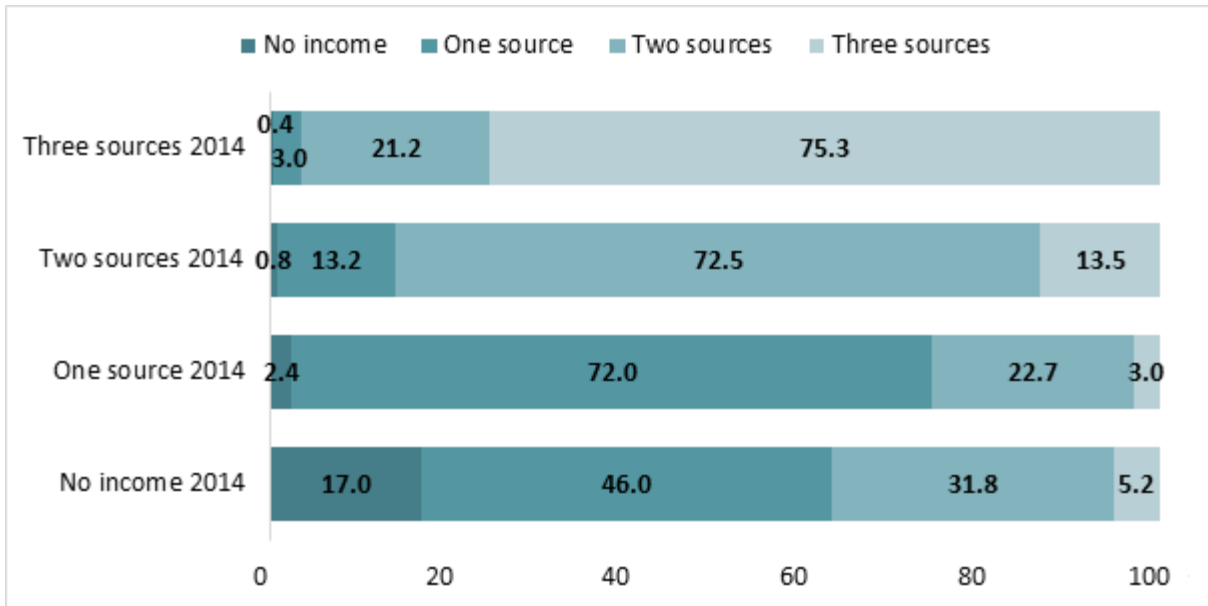


Notes: n = 31,794 (financial balanced panel).

Figure 6.12 shows that of those charities with three sources of income in 2014, 75.3% continued to have three sources in 2016. Of those with two sources in 2014, 72.5% continued to have two sources in 2016. Of those with one source in 2014, 72% continued to have one source. However, one-quarter of charities with only one source in 2014 diversified their funding sources by 2016 (see Figure 6.12). Less than one-fifth of charities not receiving any income in 2014 were still not receiving any income in 2016. On the other hand, some charities which were receiving income in 2014 stopped receiving income in 2016 (2.4% of charities receiving income from one source in 2014, 0.8% of charities receiving income from two sources in 2014 and 0.4% of charities receiving income from three sources in 2014) (see Figure 6.12).

<sup>16</sup> As noted in Section 5, in 2016 charities reported their sources of income in four categories, including 'other income' and 'other revenue', but in 2014 they reported on 'other income and revenue'. Data from over the two years were only able to be compared by merging 'other revenue' and 'other income data' from 2016 into a single category. For this reason, this section is referred to as diversification of income.

**Figure 6.12** Change in revenue diversification, 2014–2016 (%)



Notes: n = 31,794 charities (financial balanced panel). Percentages may not add up to 100% due to rounding.

A case study of a charity that diversified its income sources is presented next.

## Community Northern Beaches: A charity strengthened through revenue diversification and partnership

Community Northern Beaches is a medium-sized, locally-focused charity operating in the northern beaches area of Sydney. In its 2014 and 2016 Annual Information Statements, its main activity was 'economic, social and community development', reflecting its provision of a wide range of services and supports to the local community. These include services addressing domestic violence, homelessness, child and family wellbeing, drug and alcohol use, immigration, emergency relief, and community recreation and events.

In 2016, the organisation had total gross income just over \$500,000 and nine employees. Like many other community-based organisations, it describes itself as operating 'on the smell of an oily rag' and 'for love, not money'. Funding is sourced primarily from state and local government and non-government partnerships, and the charity has recently used its facilities to generate a commercial revenue stream. As it also engages volunteers and contributes to capacity in its partner services, its contribution extends well beyond what levels of funding imply.

Community Northern Beaches provides an example of a charity that has successfully diversified its revenue sources, while expanding local service delivery and remaining firmly embedded in the local community. Through a series of partnerships with local services, it has facilitated community members' access to an expanded range of services. These partnerships have been formalised through Memoranda of Understanding and involve local organisations delivering services from Community Northern Beaches premises. These arrangements have strengthened the organisation as the centre of a community hub, and expanded local access to specialist mental health, drug and alcohol, legal services and recreation opportunities. Bringing services under one roof has also enabled local services to access low-cost rental space, enhancing capacity across the local service network.

For Community Northern Beaches staff, the co-location model has helped build capacity through the sharing of expertise and wider referral options. The model has also enabled the charity to grow its commercial revenue stream through facility hire. This is reflected in its AISs. From 2014 to 2016, its revenue from sources other than government or donations and bequests grew by over 30%.

In coming years, Community Northern Beaches seeks to continue to expand the reach of its services, while 'future-proofing' itself against the risks of funding loss associated with increasingly targeted approaches to social service spending taken by government. In particular, it is seeking to continue its process of revenue diversification by developing a revenue stream based on donations from corporate, foundation and individual sources. In preparation, it recently obtained Public Benevolent Institution (PBI) and DGR status. As well as facilitating access to tax-deductible donations, this has enabled the charity to expand staff access to the benefits of salary packaging. The charity has also pursued improvements to marketing and IT, which, along with its partnerships with other community organisations, has contributed to its strengthening and renewal.

In terms of changes that would help build capacity, the charity would support changes to government funding arrangements aimed at reducing administration requirements and extending the duration of programs. The charity sees longer funding contracts would have some benefit:

*It's got to be a minimum of five year's funding. That would give organisations certainty and staff certainty. It would give time to develop programs and actually demonstrate over a five-year period that a program was going to work.*

## 7. Trends in allocation of funds



This section explores growth and change in how charities allocated their funds in 2014 and 2016. Specifically, it examines change in charities' total expenditure, and change in key components of their expenditure: spending on employees, and spending on grants and donations for use in Australia and overseas. It uses data from the financial balanced panel dataset.

### Change in charities' total expenses

Charities' expenses are captured as part of the income statement in their AIS. Total expenses consist of charities expenditure on employees, grants and donations made for use in Australia and outside of Australia, and other expenses. Of the 31,794 charities in the financial panel dataset, 96.5% had expenses in 2014 and 97.6% had expenses in 2016. **Total expenditure grew by 12.7% between 2014 and 2016, from \$101 billion to \$113.9 billion.** Mean expenditure also grew, from \$3.2 million (median \$134,349) to \$3.7 million (median \$149,178). Expenditure growth was slightly higher among charities which were small in 2014 (14.8%).

**Figure 7.1** Change in total expenses by charity size, 2014–2016

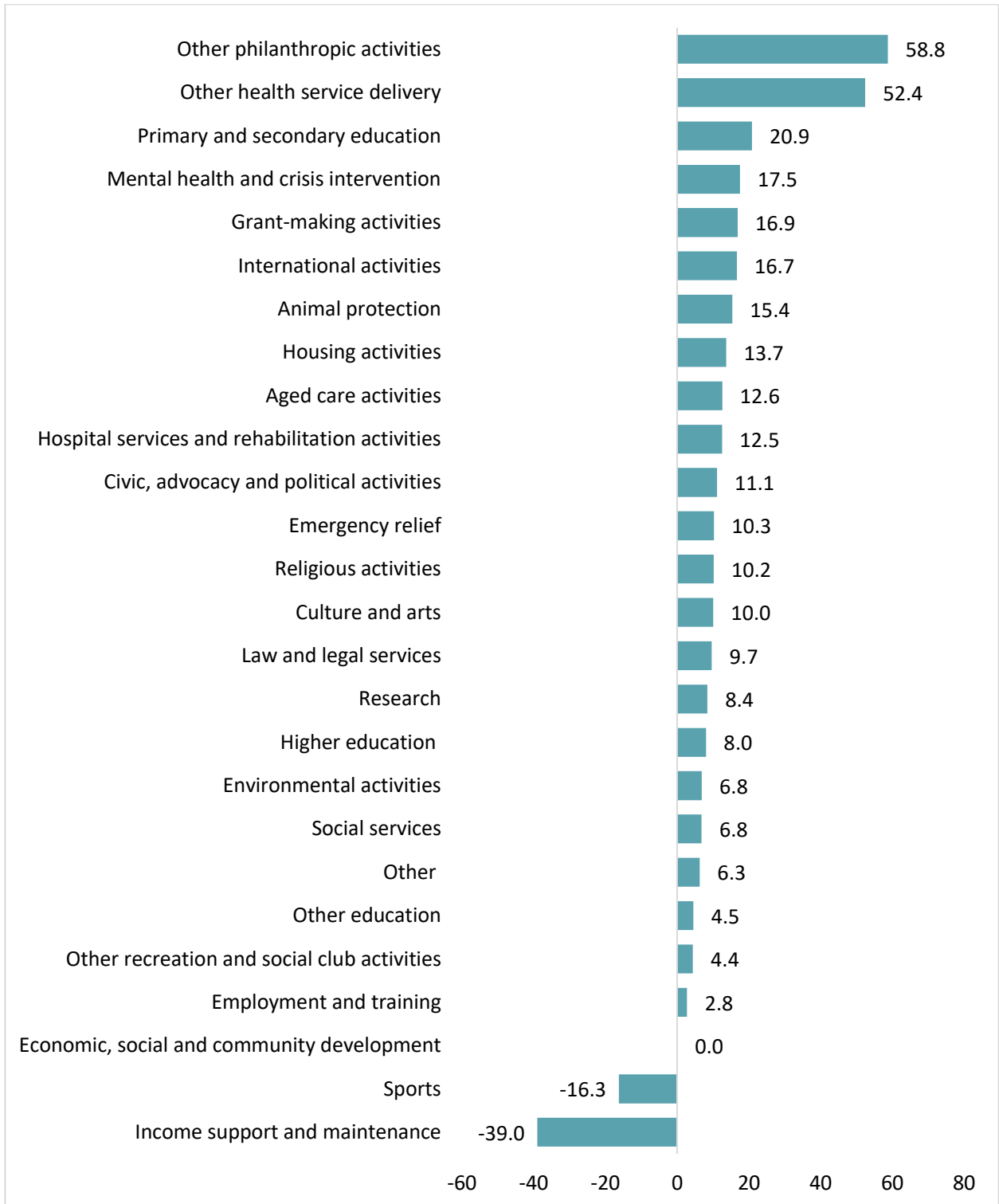
	2014 (\$)	2016 (\$)	Change (\$)	Change (%)
Small	1,799,155,375	2,066,003,746	266,848,371	14.8
Medium	3,247,821,158	3,691,620,736	443,799,578	13.7
Large	95,960,183,494	108,107,641,822	12,147,458,328	12.7
Total	101,007,160,027	113,865,266,304	12,858,106,277	12.7

Notes: n = 31,794 charities (financial balanced panel).

Change in expenditure also differed across main activity categories (see While for charities with main activities in 'income support and maintenance', the total income also decreased by 11.1% over the period, the income of charities in 'sport activities' increased by 21%, the second-greatest increase in income by main activity (see Appendix B Figure A.9).

Figure 7.2). Charities with main activities that were 'other philanthropic' and 'other health service delivery' in 2014 had very high (over 50%) growth in total expenses over the period. Total spending decreased among charities focused on 'income support and maintenance' and 'sports activities' (by 39.0% and 16.0% respectively). While for charities with main activities in 'income support and maintenance', the total income also decreased by 11.1% over the period, the income of charities in 'sport activities' increased by 21%, the second-greatest increase in income by main activity (see Appendix B Figure A.9).

**Figure 7.2** Change in total expenses by main activity, 2014–2016 (%)

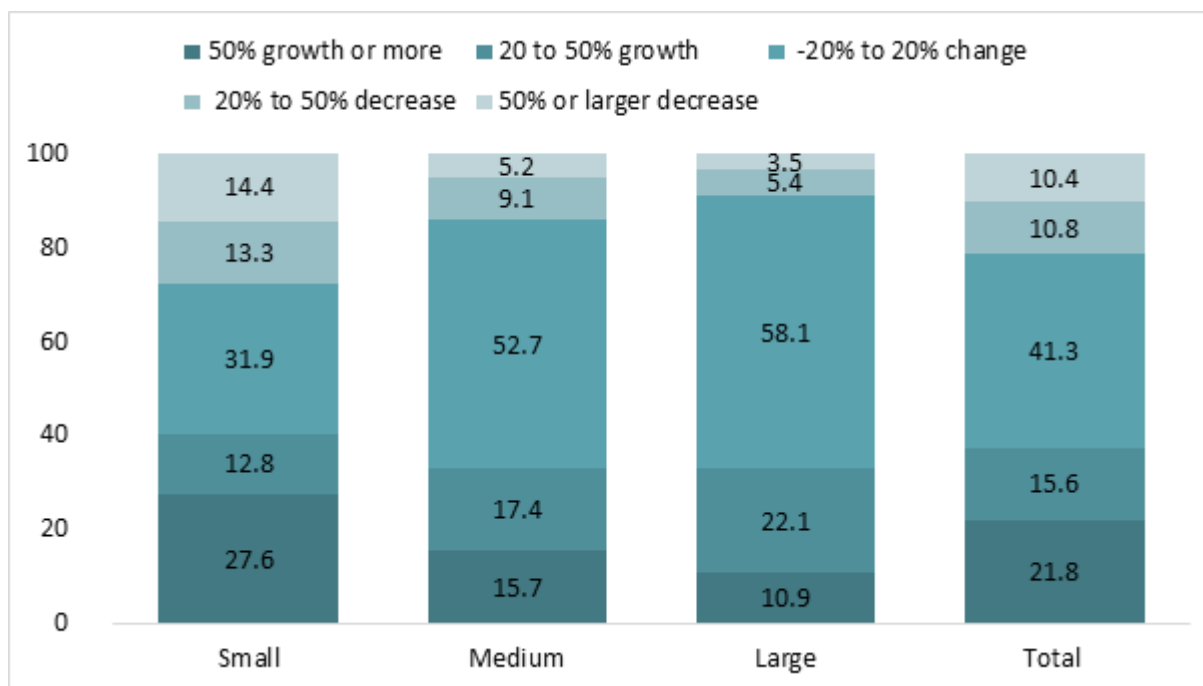


Notes: n = 30,794 (financial balanced panel). Main activity data was missing for 1,000 charities.

Figure 7.3 shows the change in the proportion of charities whose expenditure grew, remained stable, or decreased over the period. Overall, 41.3% had little to no change in their expenditure between 2014 and 2016. By revenue size, a high proportion of large charities had relatively stable expenditure: 58.1% of large charities had reported expenses in 2016 which were within 20% of 2014 levels. A

relatively small proportion of large charities had decreased spending: only 3.5% had a decrease of 50% or more, and 5.4% had a decrease of between 20% to 50%. For small charities, more than a quarter had significantly higher expenses: 27.6% of small charities spent over 50% more in 2016 than in 2014.

**Figure 7.3** Change in total expenses by charity size, 2014–2016 (%)



Notes: n = 31,794 (financial balanced panel). Percentages may not add up to 100% due to rounding.

### Components of total expenses

Figure 7.4 shows growth in different categories of expenses. Although spending on employees was the greatest component of expenses (\$64 billion in 2016), there was higher proportional growth in spending on grants and donations (15.6%). Expenditure on grants and donations for use in Australia grew by 14.5% and expenditure on overseas grants grew by 18.8%. The number of charities incurring the different types of expenses also differs from 2014 to 2016, with some charities reporting zero employee expenses in one year, or zero expenses in grants and donations. Such variations in the number of charities incurring each type of expense are reflected in the mean and median level of expenditure per charity: the median level of employee expenses slightly increased (from \$272,675 to \$295,328), and the level of grants and donations for use overseas was also relatively consistent (from \$13,934 to \$15,000) (see Appendix B Figure A.15).

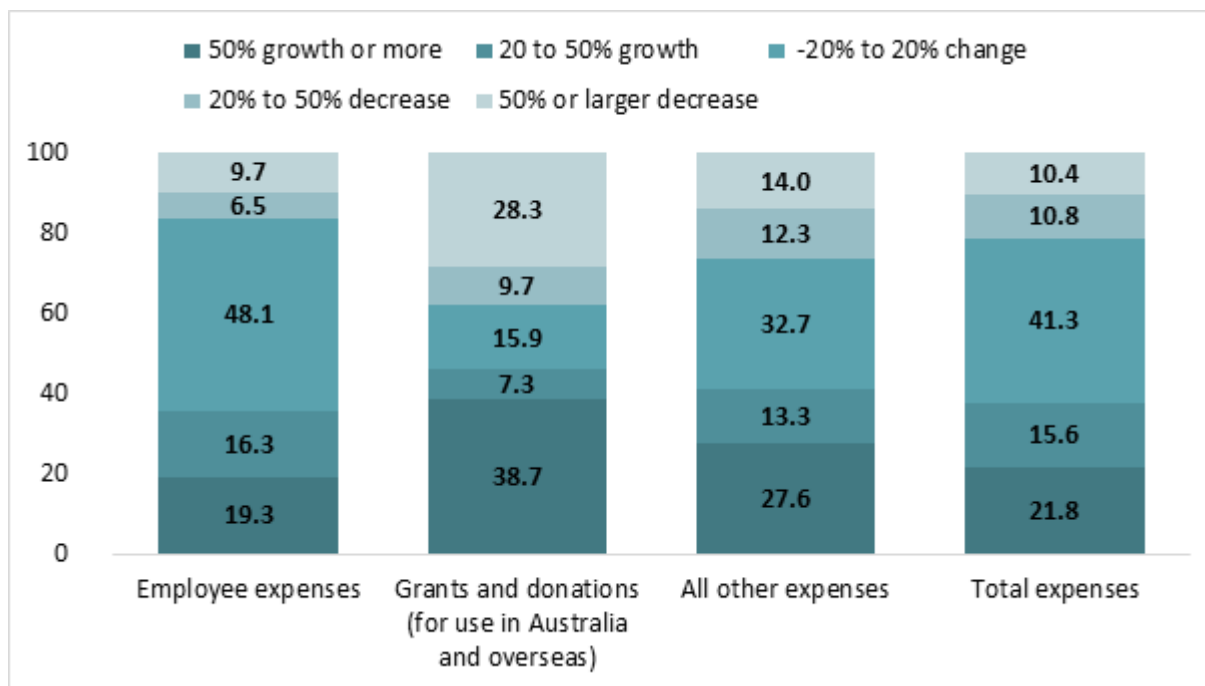
**Figure 7.4** Change in components of total expenses, 2014–2016

	2014 (\$)	2016 (\$)	Change (\$)	Change (%)
Employee expenses	57,512,210,183	64,723,354,441	7,211,144,258	12.5
Grants and donations (for use in Australia)	3,437,002,416	3,935,560,180	498,557,764	14.5
Grants and donations (for use overseas)	1,125,913,766	1,337,916,854	212,003,088	18.8
<b>All Grants and donations</b>	<b>4,562,916,181</b>	<b>5,273,477,034</b>	<b>710,560,853</b>	<b>15.6</b>
All other expenses	38,932,033,663	43,868,434,829	4,936,401,166	12.7
<b>Total expenses</b>	<b>101,007,160,027</b>	<b>113,865,266,304</b>	<b>12,858,106,278</b>	<b>12.7</b>

Notes: n = 31,794 (financial balanced panel).

Figure 7.5 shows the level of change in each component of expenditure. Almost half of charities had limited change in employee expenses between 2014 and 2016 (48.1%). A high proportion had growth in spending on grants and donations: 38.7% had significant increases (50% or more) while a further 7.3% had spending which was 20% to 50% higher in 2016 than 2014. However, a relatively high proportion of charities also reported a significant decrease in grant spending from 2014 to 2016 (28.3%), indicating this is a more volatile area of charity expenditure.

**Figure 7.5 Categories of change in components of expenditure, 2014–2016**



Notes: n = 31,794 (financial balanced panel). Percentages may not add up to 100% due to rounding.

### Change in spending on employees

Employee expenses include all staff salaries and wages, leave expenses and superannuation. For charities in the financial balanced data panel, employee expenses constituted 56.9% of total expenses in 2014, and almost the same proportion (56.8%) in 2016. While spending on employees comprised the same proportion of total spending over the period, the total amount spent on employees grew by 12.5%. Employee expenses grew most in small charities (26.3%) (see Figure 7.6).

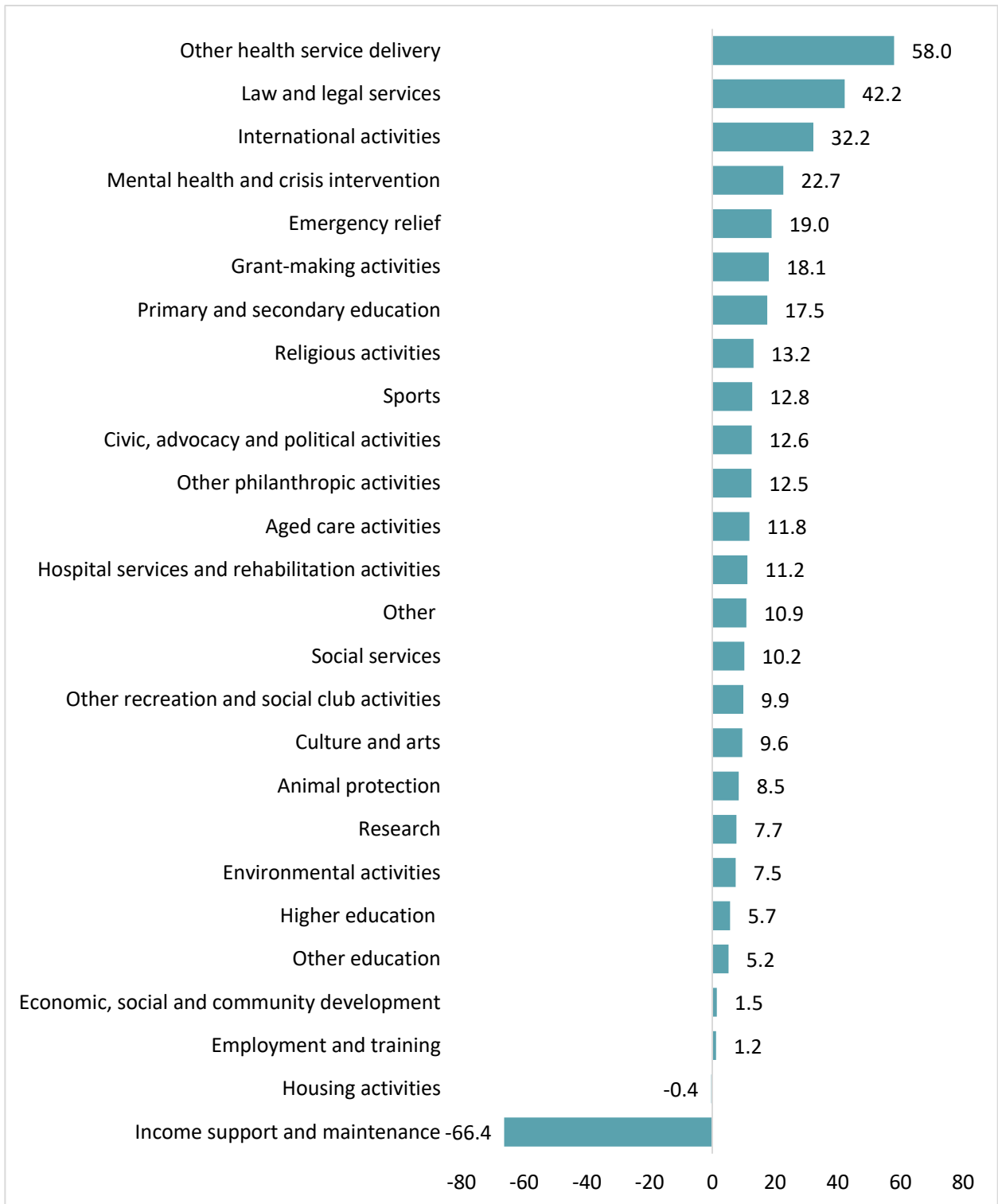
**Figure 7.6 Change in employee expenses by charity size, 2014–2016**

	2014 (\$)	2016 (\$)	Change (\$)	Change (%)
Small	508,861,187	642,701,250	133,840,063	26.3
Medium	1,559,375,823	1,707,684,827	148,309,004	9.5
Large	55,443,973,172	62,372,968,364	6,928,995,192	12.5
Total	57,512,210,182	64,723,354,441	7,211,144,259	12.5

Notes: n = 31,794 (financial balanced panel).

Figure 7.7 shows growth in employee expenditure over the period by main activity. There was high growth in charities with main activities of 'other health service delivery', 'law and legal services', 'international activities', and 'mental health and crisis intervention'. The only areas where employment expenses fell was among those focused on 'income support and maintenance' (by 66.4%) and 'housing activities' (by 0.4%).

**Figure 7.7** Change in employee expenses by main activity, 2014–2016 (%)

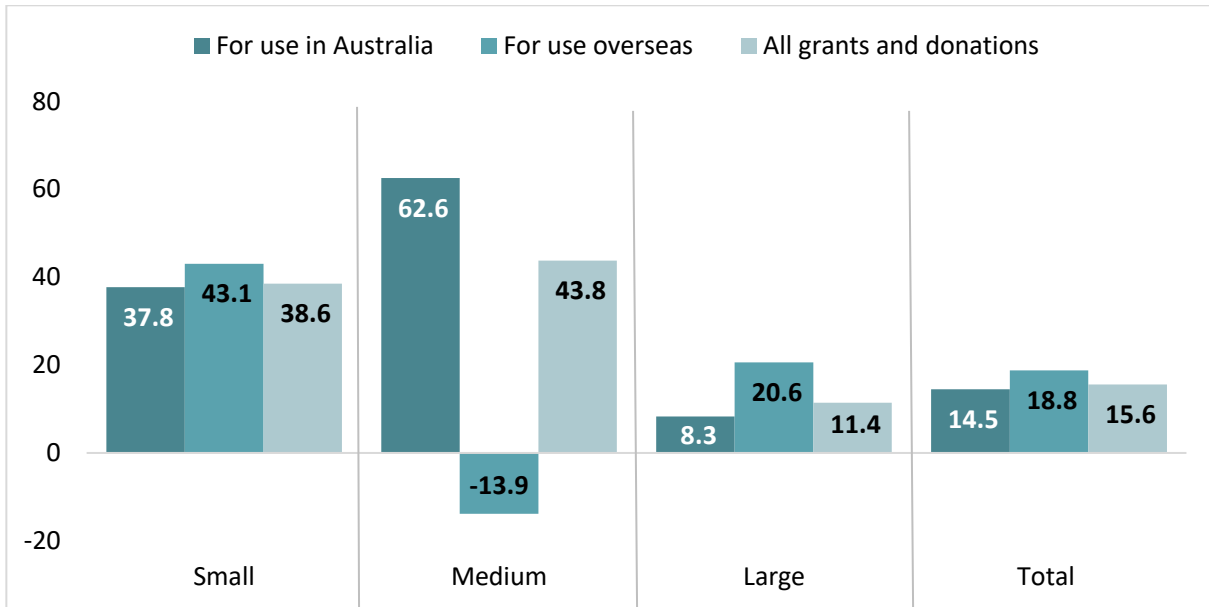


Notes: n = 30,794 (financial balanced panel). Main activity information was missing for 1,000 charities. Change in 'income support and maintenance' is driven by change in two charities.

## Change in spending on grants and donations

Figure 7.8 shows the percentage change in spending on grants and donations by small, medium and large charities. Spending on grants for use in Australia grew significantly among medium-sized charities (by 62.6%), and their spending on grants for use overseas fell over the period (by 13.9%). This trend was not apparent in other size categories. Indeed, for large charities, spending on grants and donations for use overseas grew (by 20.6%).

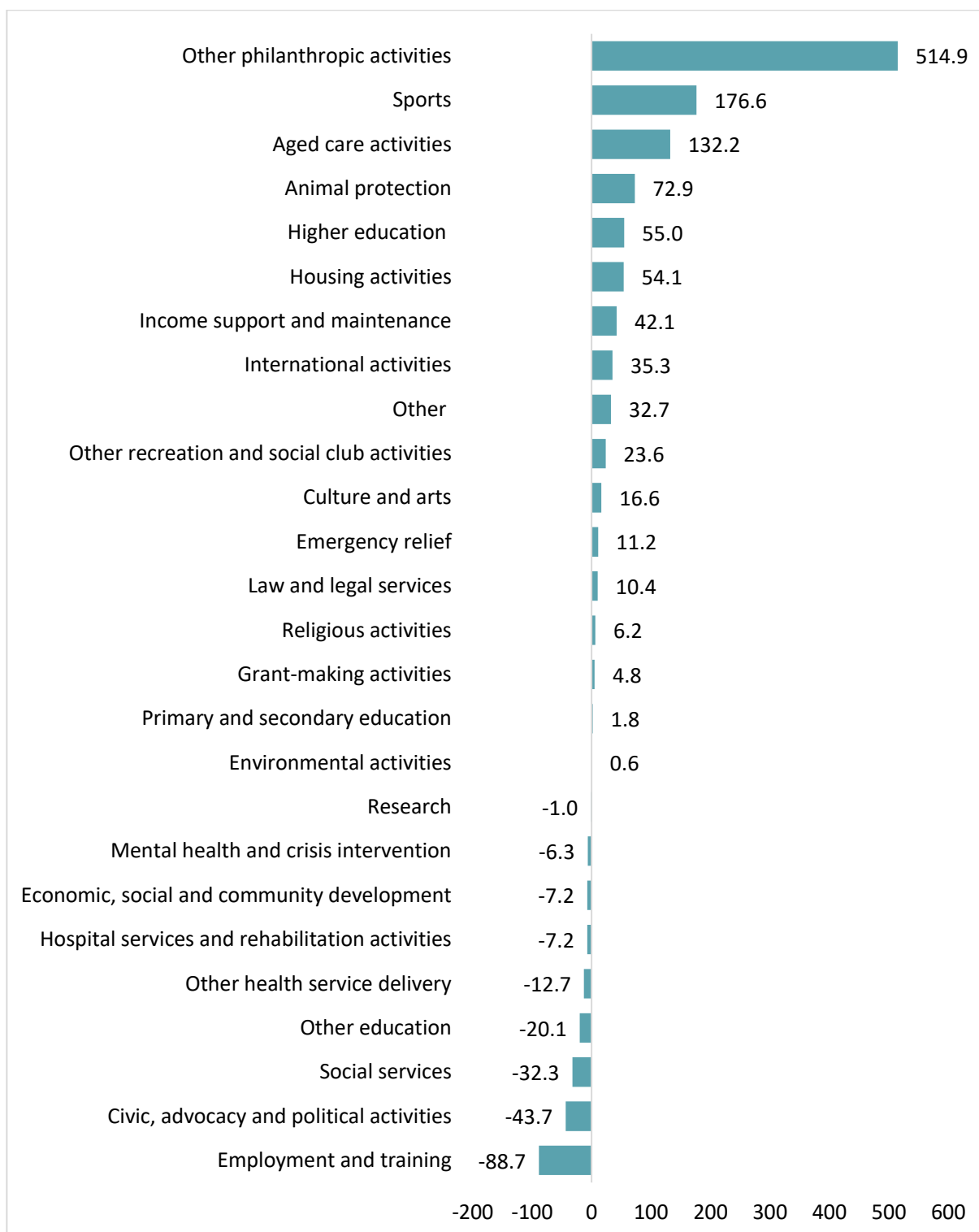
**Figure 7.8** Change in spending on grants and donations by charity size, 2014–2016 (%)



Notes: n = 31,794 (financial balanced panel).

Figure 7.9 **Error! Reference source not found.** shows the change in spending on grants and donations according to charities' main activities in 2014. Growth in spending on grants and donations was highest for those with a main activity of 'other philanthropic' (514.9%), 'sports' (176.6%) and 'aged care' (132.2%). At the same time grant spending fell most among charities focused on 'employment and training' (by 88.7%), 'civic and advocacy activities' (by 43.7%) and 'social services' (by 32.3%). Expenditure change on grants and donations for charities whose main activity was 'other philanthropy' was \$63 million. This was driven by change for two charities: one charity had an expenditure increase of \$29 million and a second an increase of \$34 million between 2014 and 2016.

**Figure 7.9** Change in spending on grants and donations by main activity, 2014–2016 (%)



Notes: n = 30,794 (financial balanced panel). Main activity information was missing for 1,000 charities.

## 8. The changing financial status of Australia's charities



The analysis in this section draws on the financial balanced panel and data from the AIS income statement and balance sheet to examine the changing financial status of charities over the period. It explores:

1. **Net income ratio:** analysis of net income from the **income statement**. Did charities' surplus or deficit change between 2014 and 2016? What is the extent of the change?
2. **Asset ratio:** examining charities' total assets and liabilities (the **balance sheet**). Are charities' assets worth significantly more or less than their liabilities? Has this ratio changed and if so how has it changed between 2014 and 2016?
3. **Current ratio:** examining charities' current assets and current liabilities (assets and liabilities that are likely to be realised in the next 12-month period). This is an indicator of short-term financial capacity. Compared to 2014, have charities increased or decreased their short-term financial capacity in 2016?

As charities are established for public benefit and to achieve their charitable purpose, their financial status is not an end in itself, but rather a means with which they can achieve that purpose (Anheier 2000). While a set of indicators to measure financial status among charities has not yet been developed, this section uses financial indicators such as net income ratio or the net assets ratio (Tuckman & Chang 1991) to discuss changes in the viability, stability and sustainability of the sector between 2014 and 2016. For further discussion of these indicators and reasoning behind their selection, see the *Australian charities report 2016* (Powell et al. 2017).

The findings in this section should not be understood as targets, achievements or failures. They are an overall indication of the financial status of (and change in) the sector and each charity should be understood in its operating context.

### Net income

A charity's *net income ratio* summarises the ratio of the charity's *surplus or deficit* to its total income for the financial year.<sup>17</sup>

Net income = total income – total expenses

Net income ratio = net income/total income (%)

<sup>17</sup> In the ACNC's AIS form this financial data has different labels to those used here: 'Net Income' is *Net Surplus/Deficit* on the form, and 'Total Income' is *Total Gross Income* for medium and large charities and *Total Income/Receipts* for small charities.

Within the financial balanced panel data in 2014 and 2016, the net income ratio has slightly decreased, from 8.8% in 2014 to 6.5% in 2016<sup>18</sup> (see Figure 8.1 Net income ratio, 2014 and 2016 Figure 8.1).

**Figure 8.1 Net income ratio, 2014 and 2016**

Income and expenses	2014 (\$)	2016 (\$)
Total income	110,713,550,035	121,782,348,096
Total expenses	101,007,160,027	113,865,266,304
Aggregate net income	9,706,390,008	7,917,081,792
Aggregate net income ratio	8.8%	6.5%

Notes: n = 31,794 (financial balanced panel). Charities included in the financial balanced panel account for 80.9% of the income and 83.0% of the expenses in the whole charity sector in 2016 (Powell et al. 2017).

The net income ratio varied significantly by organisation size, with small charities' ratio increasing by almost seven percentage points between 2014 and 2016 (see Figure 8.2). For medium and large charities, the 2016 net income ratio decreased compared to 2014.

**Figure 8.2 Net income ratio by charity size, 2014 and 2016**

Size	Number of charities	2014		2016	
		Aggregate net income ratio (%)	Aggregate net income (\$)	Aggregate net income ratio (%)	Aggregate net income (\$)
Small	19,273	9.1	179,613,143	16.8	417,177,461
Medium	5,691	12.3	457,483,889	8.4	337,676,669
Large	6,830	8.6	9,069,292,976	6.2	7,162,227,662
Total	31,794	8.8	9,706,390,008	6.5	7,917,081,792

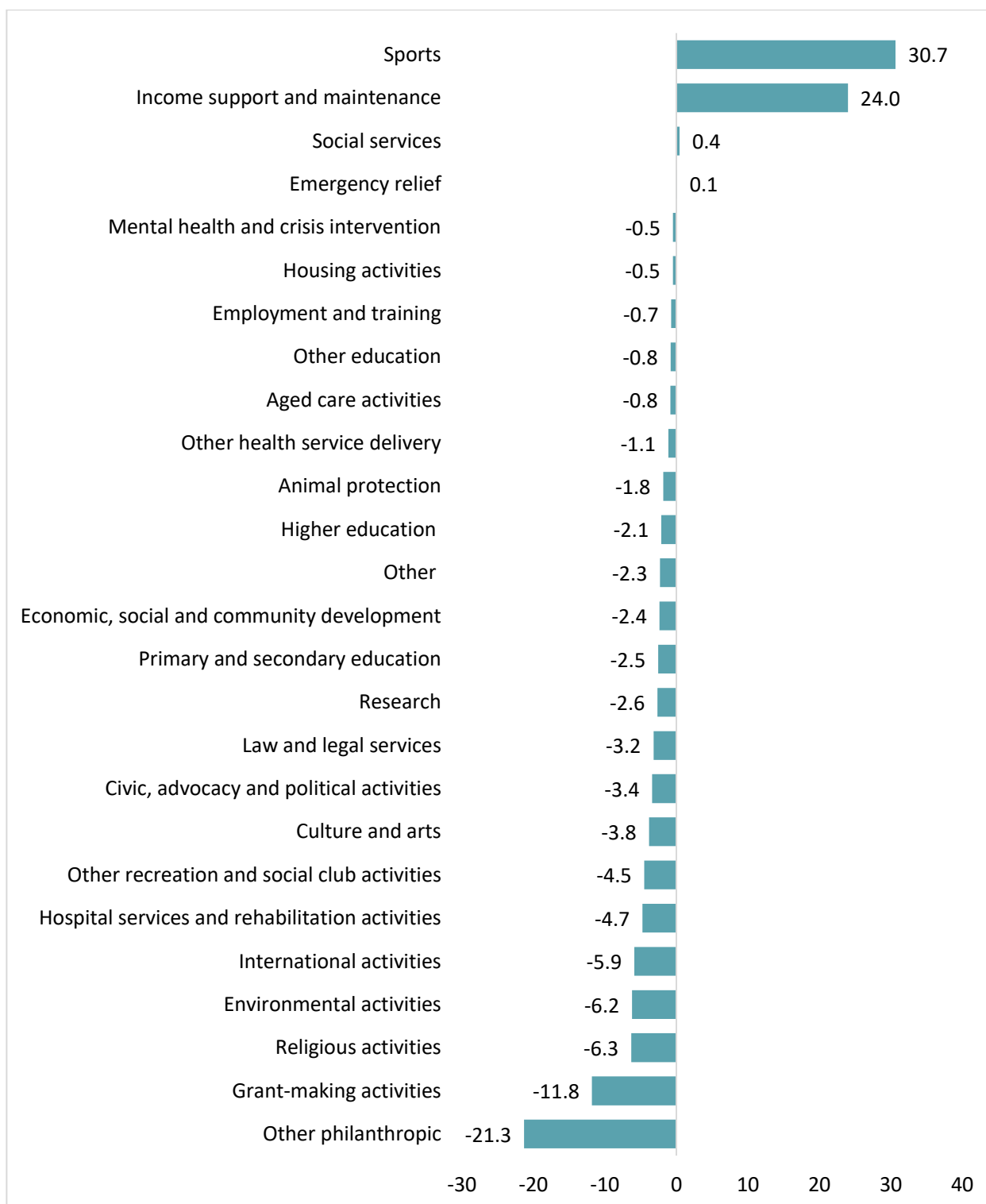
Notes: n = 31,794 (financial balanced panel).

Figure 8.3 presents the difference in net income ratio by charities' main activity. This difference is not the proportional change in the ratio, but the percentage points change and should be interpreted accordingly (e.g. the 2016 net income ratio of charities conducting their main activities in 'higher education' was 2.1 percentage points lower than their 2014 net income ratio). The net income ratio decreased between 2014 and 2016 for charities across most activity categories, with charities in 'other philanthropic' and 'grant-making activities' reporting the highest decrease (21.3 and 11.8 percentage points respectively). Charities with activities in 'income support and maintenance' and 'sports' presented the highest increases in their net income ratios (24.0 and 30.7 percentage points respectively) (see Figure 8.3 Figure 8.2). The change for charities in these two activity categories is driven by a relatively high decrease in their expenditure (discussed in Section 7) and a small increase/decrease in total income (discussed in Section 6). Further, one charity in the 'sports' category reported a net income of approximately \$50 million in 2016, and two charities in 'income support and maintenance' together reported \$10 million in net income, driving the change in these categories.

It is important to understand these changes in the context of the net income ratio values, as some charities, despite the change, remain at the leading end in terms of net income ratio. For example, the net income ratio for charities whose main activity was 'housing' decreased by 0.5 percentage points, but these charities remain the third largest in terms of net income ratio (27.7%) (see Figure 8.4). For detailed values of net income, expenses and net income ratios see Appendix B Figure A.17.

<sup>18</sup> This value is different from that reported in the Australian Charities' Report 2016 as the analysis in this report is based on a sub-sample of the 2016 dataset, and some charities, including newly established group charities are not included in this analysis of change.

**Figure 8.3** Change in net income ratio (percentage points) by main activity, 2014–2016



Notes: n = 30,794 (financial balanced panel). Main activity information was missing for 1,000 charities. As noted above, the difference in 'Sports' is driven by one charity with a net income of approximately \$50 million in 2016, and the difference in 'Income support and maintenance' is due to two charities with a combined net income of \$10 million in 2016. Graphical representation based on figures rounded to three decimal places.

**Figure 8.4** Net income ratio by main activity, 2014 and 2016

Main activity 2014	Net income ratio 2014	Net income ratio 2016
Income support and maintenance	23.4	47.4
Sports	0.5	31.1
Housing activities	28.2	27.7
Grant-making activities	37.4	25.5
Religious activities	17.4	11.1
Other philanthropic activities	30.3	9.0
Other activities	11.2	8.9
Primary and secondary education	10.0	7.4
Culture and arts	10.9	7.1
Aged care activities	7.7	6.9
Emergency relief	6.3	6.4
Other education	6.5	5.7
Economic, social and community development	7.9	5.5
Other health service delivery	6.6	5.5
Higher education	7.5	5.4
Environmental activities	11.5	5.3
Animal protection	6.2	4.4
Mental health and crisis intervention	4.5	4.0
Other recreation and social club activities	8.3	3.8
Social services	3.4	3.8
Hospital services and rehabilitation activities	7.7	3.0
Research	4.8	2.1
Employment and training	1.2	0.5
International activities	6.0	0.2
Civic, advocacy and political activities	3.5	0.1
Law and legal services	3.1	-0.04

Notes: n = 30,794 (balanced financial panel). Main activity information was missing for 1,000 charities.

## Assets

The majority of charities (90% in 2014 and 93% in 2016) had some level of assets (see Appendix B Figure A.18). Assets are the resources that an organisation owns or controls and can use to produce value. Assets can be tangible, such as land, buildings or stock, or intangible, such as trademarks.

Net assets are the total assets less the total liabilities of an organisation. The level of net assets, and that of net assets relative to total assets (the asset ratio), indicate the 'health' of an organisation in terms of its ability to respond to financial shocks, whether it has solvency risks, or if it may find it difficult to secure loans (Gilchrist and Knight 2016).

<p>Net assets = total assets – total liabilities  Asset ratio = total assets/total liabilities (%)</p>
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The aggregate asset ratio has remained at 3.3 over the three years of analysis. This corresponds to an increase in aggregate net assets of 15.1%, and similar increases in total assets and total liabilities across the charities included in the 2014–2016 financial balanced panel (see Figure 8.5).

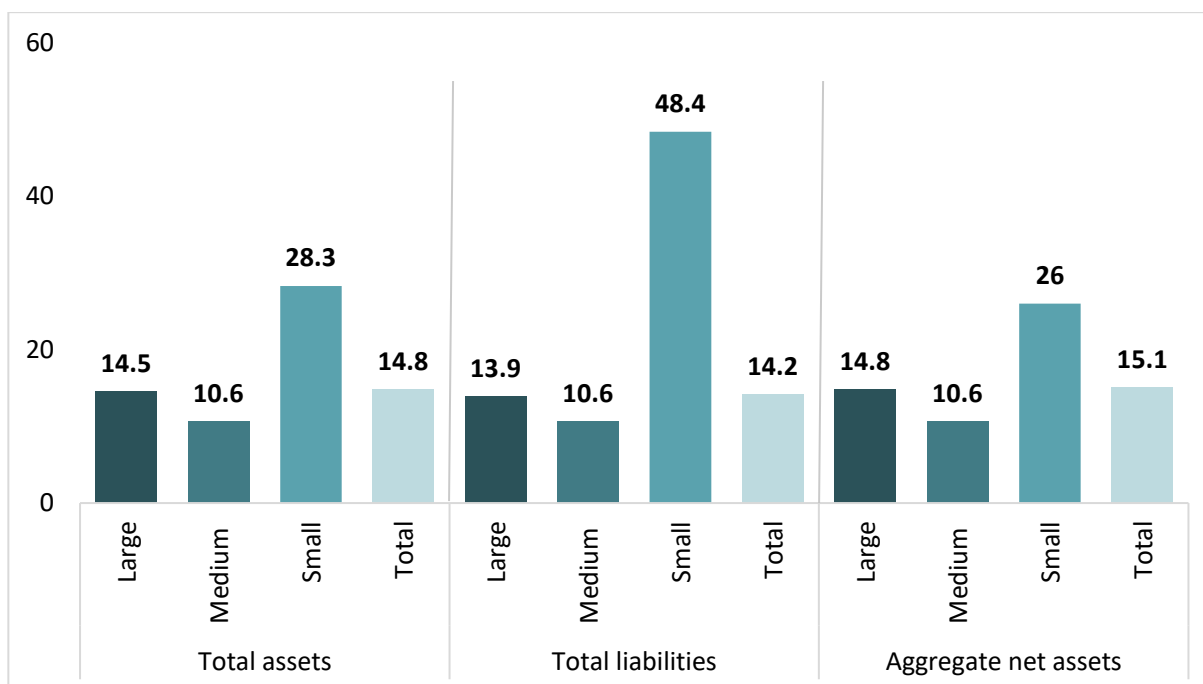
**Figure 8.5 Change in total assets, 2014–2016**

	2014 (\$)	2016 (\$)	Change (\$)	Change (%)
Total Assets	213,386,655,385	245,026,233,970	31,639,578,585	14.8
Total Liabilities	65,051,934,360	74,316,003,317	9,264,068,957	14.2
Aggregated Net Assets	148,334,721,025	170,710,230,653	22,375,509,628	15.1
Aggregate Asset Ratio	3.3	3.3		

Notes: n = 31,794 (financial balanced panel).

The asset ratio has remained constant for medium and large charities and decreased only slightly for small charities (see Appendix B Figure A.19). The changes in the levels of assets, liabilities and aggregate net assets differ greatly with the size of the charity, with smaller charities presenting the highest changes (28% increase in assets, 48% increase in liabilities and 26% increase in net assets) (see Figure 8.6).

**Figure 8.6 Change in total assets, total liabilities and aggregate net assets by charity size, 2014–2016**



Notes: n = 31,794 (financial balanced panel). See also Appendix B Figure A.19.

Differences in the change in net asset ratio are also visible by the main activity of charities. Charities with a main activity of ‘culture and arts’ and ‘sports’ had the highest increase in their net asset ratio, and those in ‘income support and maintenance’ and ‘grant-making activities’ had the highest decrease (see Appendix B Figure A.20).

The concentration of assets has remained constant, with approximately 62% of assets being held by the top 1% of charities (3,195 charities), and the top 10% of charities holding 91% of assets in both 2014 and 2016 (see Figure 8.7).

**Figure 8.7** Change in concentration of assets, 2014–2016

	2014		2016		Change	
	\$	%	\$	%	\$	%
Top 1%	132,358,253,566	62.0	151,347,953,152	61.8	18,989,699,586	14.3
Top 10%	194,363,425,759	91.1	223,047,086,168	91.0	28,683,660,409	14.8
Top 20%	205,756,651,404	96.4	236,068,085,834	96.3	30,311,434,430	14.7
Top 50%	212,671,410,285	99.7	244,111,948,754	99.6	31,440,538,469	14.8
Lowest 50%	715,245,100	0.3	914,285,216	0.4	199,040,116	27.8
Total	213,386,655,385	100.0	245,026,233,970	100.0	31,639,578,585	14.8

Notes: n = 31,794 (balanced financial panel).

Some charities discussed their journey to financial sustainability and the challenges in maintaining their levels of income while providing their services to those most in need. The case study below illustrates this for a small charity in regional New South Wales.

## Karabar Housing Co-operative: A small charity experiencing relative stability

Karabar Housing Co-operative is a small charity based in regional New South Wales. In 2016, its annual revenue was just under \$250,000. It was established in 1986 to respond to the problem of increasing rents in the area and its ongoing focus on housing activities is reflected in its recent AIs. The co-operative was established with six houses and now has over 20. Three were acquired in the last three years. Over the years, it has been financially stable, trading in surplus each year.

At the time of the interview, the charity housed 48 people including 14 children. Tenants include people with disabilities, older people and employed people earning low wages. The co-operative is co-located with other charities providing support for homeless and other marginalised groups. Co-location has enabled some sharing of resources and has also helped to facilitate referrals of tenants to mental health, financial assistance or other support.

The charity's income comes from rent and this has remained the case over the years. Rents are concessional and generally equate to around 64 to 75% of market rent, and no more than half of a tenant's income. In recent years, the charity has been able to reduce capital outlays by leasing land for some of its dwellings. The charity operates with one paid part-time staff member plus input from seven volunteers via the management committee.

Karabar Housing Co-operative's mission of providing low-cost housing to people on low incomes has remained consistent over the years, and its structure and operations have been relatively stable, supporting its goals of providing residents with a home for life. Reflecting its focus on providing lifetime support, a recent focus has been to refurbish existing stock to support older tenants to remain in their homes:

*We have replaced a number of kitchens, installed reverse cycle air conditioning, and we're beginning to replace bathrooms, and that is often because tenants who have been with us from the beginning are ageing and we'd like to do everything we can to keep them in their own home as long as possible. Part of the beauty of this organisation is that it isn't just a landlord relationship that we have with tenants, we actually provide a lot of support. We work with them to provide quality housing and we're able to keep rental accounts on track by being flexible when financial circumstances change. It's very much a family.*

Challenges relate to growing levels of need among tenants. As the charity explained:

*Financially it's a lot harder than it used to be. A lot more people are in dire straits much more often. People live from payday to payday. Because of the increased costs of electricity and other things, we often have people who ring and say, 'I won't be able to pay all of my rent this week, is it all right if I pay the rest over the next two or three weeks?' We are extremely flexible in that regard. We recently put in a submission for a grant to install a community solar hub at our main location, which all tenants will be able to access equally regardless of the siting of their individual unit, and which we hope will ease the financial burden for our tenants somewhat.*

As well as addressing need among tenants, the charity is concerned with growing levels of demand for housing in the community. In the last two years, a high proportion of applications have been from single women over 50, a growing cohort of people experiencing homelessness and housing stress. In future, the charity would like to expand to provide land and home ownership opportunities, which would require significant investment and diversification from its current revenue base. The charity sees advantages in remaining small and approaches growth with caution, ensuring change is sustainable and consistent with mission:

*I think the opportunity to grow is there. I think we have to be careful that we don't become too big and then lose our heart. I think that is often a risk.*

## 9. Conclusions



This report builds on previous Australian charities reports by analysing trends and change over time. It focuses on trends between 2014 and 2016, as 2014 marked the introduction of financial reporting and the 2016 AIS data is the most recently available. Given that the data collected by the ACNC through AISs provides some of the most detailed data available about charities, this report provides the most comprehensive change over time analysis of the Australian charity sector to date.

Together with the case studies, the findings generally point to the continued social, economic and cultural contribution of the charity sector within Australia and overseas.

Total charity numbers have remained relatively stable between 2014 and 2016, with charities exiting the Charity Register at a slightly higher rate than those joining.

Some key statistics based on charities in the balanced panel for the 2014 to 2016 period include:

- Approximately one in ten charities changed the main activity of its operations.
- Many charities reduced the number of jurisdictions they were operating in.
- Total gross income increased by 10.0%, while gross expenditure increased by 12.7%.
- Around one-third of charities experienced growth in income of over 20%.
- Almost half of the \$11 billion (10%) increase in total income came from government grants.
- Income from donations and bequests remains the smallest component of total income but grew the most rapidly, by 14.8%.
- The total number of employees increased by 4.4%.
- The number of charities employing only paid staff increased by 6.4% and there was a 2.1% increase in the number of charities engaging only volunteers.
- The number of casual staff employed by charities with operations in 'international activities' nearly doubled.

The analysis of change also highlights some particular points that have not been revealed through previous analysis of AIS data and that have potential policy significance:

- Income growth was concentrated among the largest (top 1% of) charities.
- Income decreased by 16.6% for charities based in remote locations (although did not decrease for charities in very remote locations).
- There was a decrease in the number of charities operating solely overseas (no operations in Australia), but a 31.9% increase in the gross income of charities in this category, from \$416.1 million in 2014 to \$548.9 million in 2016.
- New charities (less than five years old) and small charities (less than \$250,000 revenue per year) experienced much greater fluctuations in trends across main characteristics and finances.
- Expenditure on grants was relatively volatile, with high proportions of charities increasing their expenditure by over 50% since 2014 (38.7%) and decreasing their expenditure by over 50% (28.4%).
- Charities with the main activity of 'sport' and 'income support and maintenance' experienced high percentage point increases in their net income ratio (30.7 and 24.0 respectively). This appears to be driven by relatively high income increases, particularly in relation to government grants, and by significant change within a very small number of charities in these categories.

The analysis provides considerable new insights into growth and change in Australia's charities. Complementing [Australia's charities report 2016](#), this report confirms the diversity of Australia's charities, with an extensive variety of activities and a breadth of operations. Changes in income and

expenses illustrate how the sector has evolved over the years examined and describe charities' pathways to financial sustainability.

The insights in this report can be built on in the future, as data reported by charities to the ACNC continues to accumulate. In addition, the data points to improved reporting (and, therefore, improved data quality) over time, which will benefit further longitudinal analyses of the sector.

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## Appendix A: Further methodological details



Information about the methodology as a whole can be found in the *Australian charities report 2016*. Here we outline only methodological details specific to the datasets in this report.

### Balanced panel

A longitudinal, or panel, dataset is one that follows a given sample of individuals over time, and, thus, provides multiple observations on each individual in the sample (Hsiao 2003). A panel is balanced if information is collected for all entities at all time dimensions. A balanced panel allows the observation of the same unit (individual, organisation, etc.) in every time period, reducing the noise introduced by the unit. For the purpose of this analysis of change over time, it is essential to include only charities with information available in both years for which data is compared. By excluding charities starting or ending their activities across the period, we ensure that the observed changes are likely to be 'real' changes, rather than changes due to variations in the sector size.

A first balanced panel was constructed based on charities that reported in both 2014 and 2016. Over 47,000 charities provided their AIS data in 2014 and over 50,000 in 2016. A total of 45,455 charities were identified to have submitted an AIS in both years and were selected for a matched (balanced) panel dataset used for the analysis in this report.

The AIS form includes a financial section, where charities are asked to provide figures for the respective year, including total gross income, sources of income or total expenses. Not all charities reported their financial information in 2014 or in 2016. Starting from the balanced panel of 45,455 charities reporting in 2014 and 2016, a sub-sample was selected to construct a financial balanced panel including only charities with **reported** financial data in both **2014 and 2016**. As the purpose of the analysis in this report is to capture change in the sector, we excluded charities for which financial data was not reported or that included reporting errors (and for which in previous reports data was estimated). The financial balanced panel included financial data for 31,794 charities.

Finally, not all charities reported their workforce data in 2014 and 2016, and to analyse change in the workforce an employment balanced panel was constructed, including charities with reported data on employees (paid and volunteers) in both 2014 and 2016 ( $n = 43,466$ ). Excluding charities that had missing information in one year but reported their staff data in the other ensured that the changes captured in this report are 'real' changes, rather than due to reporting.

### Data cleaning

The data cleaning rules presented in the *Australian charities report 2016* were applied to the 2014 and 2016 AIS data for this report.

A process to be noted for the data cleaning is that for financial and workforce data, both 'missing data' and 'zero' (e.g., no staff or zero income) are recorded as zero. Following the rules described in the *Australian charities report 2016*, we relabelled responses as true zero or missing, which enabled the selection of charities for the balanced panel datasets.

### Interpreting the data and limitations

It is important to interpret the data in this report with some caution given the use of a balanced panel dataset to assess change, and changes in some of the reporting categories which have occurred over the years. Limitations of the data have been discussed throughout this report. Firstly, the analysis uses a matched panel, which shows change among charities operating (and which reported) in both years. However, the panel approach does not show sector-level changes driven by charities joining or

exiting the ACNC Register during this period (this is discussed in Section 2). Secondly, as the change in financial data has not been adjusted for CPI (2.8% between 2014 and 2016), financial changes should be examined in the wider context of the Australian economy over the period. Thirdly, examining only proportional change can sometimes be misleading, as a high proportional change over time is often linked to a small material change. Correspondingly, some changes in mean and total figures may be driven by change for a small number of large organisations.

## Appendix B: Supplementary Tables



**Figure A.1 Charities revoked, 1 January 2014 – 1 January 2017**

Year	Total charities registered	Number of charities revoked	Number of charities voluntary revoked
2014	55,471	1,054	1,060
2015	57,695	5,324	2,291
2016	52,721	1,305	664

Notes: ACNC registration data. The figures are based on the ACNC Register at 1 January of each year, with 52,817 charities registered at the end of 2016.

**Figure A.2 Number of charities by state, 2014 and 2016**

	2014		2016	
	Number	Per cent	Number	Per cent
NSW	16,079	35.4	16,085	35.4
VIC	11,801	26	11,790	25.9
QLD	6,742	14.8	6,742	14.8
WA	4,665	10.3	4,669	10.3
SA	3,553	7.8	3,553	7.8
TAS	1,181	2.6	1,181	2.6
ACT	1,008	2.2	1,008	2.2
NT	426	0.9	427	0.9
Total	45,455	100	45,455	100

Notes: n = 45,455 (balanced panel). Percentages may not add up to 100% due to rounding.

**Figure A.3** Change in main activity sub-sector, 2014-2016

Sub-sector	2014		2016	
	Number	Per cent	Number	Per cent
Culture and recreation	2,712	6.0	3,490	7.7
Education and research	8,167	18.0	8,716	19.2
Law and advocacy	578	1.3	743	1.6
Environment	1,137	2.5	1,210	2.7
Health	3,362	7.4	3,874	8.5
Development and housing	3,090	6.8	3,427	7.5
Social services	2,872	6.3	4,922	10.8
Philanthropic intermediaries and voluntarism promotion	2,601	5.7	2,985	6.6
Religion	13,553	29.8	14,065	30.9
International	340	0.7	393	0.9
Other	5,101	11.2	35	0.1
<i>Missing</i>	<i>1,942</i>	<i>4.3</i>	<i>1,595</i>	<i>3.5</i>
<b>Total</b>	<b>45,455</b>	<b>100</b>	<b>45,455</b>	<b>100</b>

Notes: n = 45,455 (balanced panel).

**Figure A.4** Main activities included in each sub-sector

Sub-sector	Main activity	Sub-sector	Main activity
Culture and recreation	Culture and arts	Education and research	Primary and secondary education
	Sports		Higher education
	Other recreation activity		Other education
Law and advocacy	Civic advocacy and political activities		Research
	Law and legal services	Environment	Environmental activities
Health	Hospital services and rehabilitation activities		Animal protection
	Aged care activities	Development and housing	Economic, social and community development
	Mental health and crisis intervention		Housing activities
	Other health service delivery		Employment and training
Social services	Social services	Philanthropic intermediaries and voluntarism promotion	Grant-making activities
	Emergency and relief		Other philanthropic activities
	Income support and maintenance	Religion	Religious activities
International	International activities	Other	Other activities

Notes: As per the 2016 AIS.

**Figure A.5** Change in full-time staff by main activity, 2014-2016

2014 Main activity	2014	2016	Change (number)	Change (%)
Religious activities	18,105	20,523	2,418	13.4
Housing activities	4,483	5,002	519	11.6
Law and legal services	4,105	4,478	373	9.1
Grant-making activities	863	940	77	8.9
Income support and maintenance	58	63	5	8.6
Other recreation and social club activities	1,131	1,211	80	7.1
Social services	30,151	32,077	1,926	6.4
Culture and arts	5,041	5,293	252	5.0
Mental health and crisis intervention	3,752	3,932	180	4.8
Emergency Relief	2,779	2,903	124	4.5
Environmental activities	1,756	1,829	73	4.2
Other Philanthropic	106	110	4	3.8
Animal Protection	1,401	1,442	41	2.9
Primary and secondary education	88,279	90,780	2,501	2.8
Research	7,276	7,450	174	2.4
Other Education	25,595	26,191	596	2.3
Civic, advocacy and political activities	1,084	1,101	17	1.6
Other health service delivery	17,436	17,501	65	0.4
Other	27,109	27,039	-70	-0.3
Employment and training	21,946	21,776	-170	-0.8
Hospital services and rehabilitation activities	24,972	24,420	-552	-2.2
Higher education	102,082	97,918	-4,164	-4.1
Sports	403	377	-26	-6.5
Aged Care Activities	25,896	23,903	-1,993	-7.7
International activities	2,037	1,820	-217	-10.7
Economic, social and community development	12,325	10,708	-1,617	-13.1

Notes: n = 43,466 (employment balanced panel). Percentages may not add up to 100% due to rounding.

**Figure A.6** Change in part-time staff by main activity, 2014-2016

2014 Main activity	2014	2016	Change (number)	Change (%)
Income support and maintenance	50	77	27	54.0
Emergency Relief	1,600	1,986	386	24.1
Animal Protection	842	1,028	186	22.1
Research	3,254	3,718	464	14.3
Law and legal services	1,289	1,460	171	13.3
Higher education	23,423	26,056	2,633	11.2
Grant-making activities	588	653	65	11.1
Social services	36,648	39,159	2,511	6.9
Aged Care Activities	88,586	94,352	5,766	6.5
Mental health and crisis intervention	3,350	3,560	210	6.3
Religious activities	19,775	21,001	1,226	6.2
Hospital services and rehabilitation activities	31,250	32,980	1,730	5.5
Other	25,836	27,251	1,415	5.5
International activities	572	601	29	5.1
Environmental activities	1,308	1,358	50	3.8
Other health service delivery	22,184	22,785	601	2.7
Primary and secondary education	60,314	61,805	1,491	2.5
Employment and training	8,906	9,015	109	1.2
Economic, social and community development	8,838	8,873	35	0.4
Civic, advocacy and political activities	1,198	1,188	-10	-0.8
Housing activities	3,420	3,318	-102	-3.0
Other Philanthropic	152	146	-6	-3.9
Other Education	30,941	29,662	-1,279	-4.1
Other recreation and social club activities	1,460	1,387	-73	-5.0
Sports	426	380	-46	-10.8
Culture and arts	3,633	3,109	-524	-14.4

Notes: n = 43,466 (employment balanced panel). Percentages may not add up to 100% due to rounding.

**Figure A.7** Change in casual staff by main activity, 2014-2016

2014 Main activity	2014	2016	Change (\$)	Change (%)
International activities	393	767	374	95.2
Income support and maintenance	236	373	137	58.1
Culture and arts	10,404	15,989	5,585	53.7
Other Education	22,289	32,142	9,853	44.2
Law and legal services	249	323	74	29.7
Sports	1,023	1,240	217	21.2
Higher education	73,007	87,088	14,081	19.3
Housing activities	2,321	2,739	418	18.0
Environmental activities	1,219	1,433	214	17.6
Mental health and crisis intervention	1,352	1,576	224	16.6
Civic, advocacy and political activities	736	856	120	16.3
Employment and training	5,526	6,358	832	15.1
Aged Care Activities	29,525	33,771	4,246	14.4
Other	21,128	23,442	2,314	11.0
Hospital services and rehabilitation activities	13,275	14,689	1,414	10.7
Other health service delivery	11,305	12,159	854	7.6
Emergency Relief	2,489	2,649	160	6.4
Primary and secondary education	25,848	27,142	1,294	5.0
Social services	24,564	25,471	907	3.7
Research	1,621	1,679	58	3.6
Economic, social and community development	9,515	9,789	274	2.9
Religious activities	10,550	10,812	262	2.5
Animal Protection	861	860	-1	-0.1
Other Philanthropic	110	105	-5	-4.5
Other recreation and social club activities	6,619	5,139	-1,480	-22.4
Grant-making activities	477	340	-137	-28.7

Notes: n = 43,466 (employment balanced panel). Percentages may not add up to 100% due to rounding.

**Figure A.8** Change in total staff by main activity, 2014-2016

2014 Main activity	2014	2016	Change (number)	Change (%)
Income support and maintenance	344	513	169	49.1
Culture and arts	19,078	24,392	5,314	27.9
Other Education	78,825	87,995	9,170	11.6
Law and legal services	5,643	6,261	618	11.0
Emergency Relief	6,868	7,538	670	9.8
Housing activities	10,224	11,059	835	8.2
Religious activities	48,430	52,336	3,906	8.1
Environmental activities	4,283	4,620	337	7.9
Sports	1,852	1,997	145	7.8
Animal Protection	3,104	3,330	226	7.3
Mental health and crisis intervention	8,454	9,068	614	7.3
Higher education	198,512	211,062	12,550	6.3
International activities	3,002	3,188	186	6.2
Social services	91,363	96,707	5,344	5.8
Research	12,151	12,847	696	5.7
Aged Care Activities	144,007	152,026	8,019	5.6
Other	74,073	77,732	3,659	4.9
Civic, advocacy and political activities	3,018	3,145	127	4.2
Hospital services and rehabilitation activities	69,497	72,089	2,592	3.7
Primary and secondary education	174,441	179,727	5,286	3.0
Other health service delivery	50,925	52,445	1,520	3.0
Employment and training	36,378	37,149	771	2.1
Grant-making activities	1,928	1,933	5	0.3
Other Philanthropic	368	361	-7	-1.9
Economic, social and community development	30,678	29,370	-1,308	-4.3
Other recreation and social club activities	9,210	7,737	-1,473	-16.0

Notes: n = 43,466 (employment balanced panel). Percentages may not add up to 100% due to rounding.

**Figure A.9** Change in total income by main activity, 2014–2016

2014 Main activity	2014 (\$)	2016 (\$)	Change (\$)	Change (%)
Other health service delivery	4,690,869,835	7,065,371,510	2,374,501,675	50.6
Other philanthropic activities	145,847,803	177,385,089	31,537,286	21.6
Sports	147,337,740	178,347,279	31,009,539	21.0
Primary and secondary education	17,839,166,214	20,974,530,804	3,135,364,590	17.6
Mental health and crisis intervention	741,913,140	867,835,389	125,922,249	17.0
Animal protection	311,198,796	352,272,030	41,073,234	13.2
Housing activities	2,015,257,088	2,275,257,985	260,000,897	12.9
Aged care activities	9,585,095,589	10,698,162,597	1,113,067,008	11.6
Emergency relief	951,568,073	1,050,499,394	98,931,321	10.4
International activities	977,666,308	1,073,616,755	95,950,447	9.8
Civic, advocacy and political activities	300,073,195	322,129,872	22,056,677	7.4
Social services	6,545,968,504	7,023,590,713	477,622,209	7.3
Hospital services and rehabilitation activities	8,215,573,140	8,794,096,242	578,523,102	7.0
Law and legal services	958,044,619	1,017,131,517	59,086,898	6.2
Higher education	28,493,719,688	30,101,453,187	1,607,733,499	5.6
Culture and arts	1,770,414,137	1,868,268,791	97,854,654	5.5
Research	2,052,790,712	2,166,084,543	113,293,831	5.5
Other	7,847,618,021	8,131,014,731	283,396,710	3.6
Other education	5,952,517,824	6,167,342,898	214,825,074	3.6
Religious activities	2,934,021,045	3,003,762,556	69,741,511	2.4
Employment and training	2,438,689,405	2,487,901,352	49,211,947	2.0
Environmental activities	584,389,423	583,574,671	-814,752	-0.1
Other recreation and social club activities	399,768,284	397,918,948	-1,849,336	-0.5
Grant-making activities	1,453,443,126	1,429,423,064	-24,020,062	-1.7
Economic, social and community development	2,713,361,658	2,645,891,033	-67,470,625	-2.5
Income support and maintenance	51,416,321	45,695,416	-5,720,905	-11.1

Notes: n = 31,794 (financial balanced panel).

**Figure A.10** Change in mean levels of income by income type, 2014–2016

Income type	2014 (\$)	2016 (\$)	Change (%)
Government grants	3,999,675	4,338,777	8.5
Donations and bequests	334,120	383,157	14.7
Other income and revenue	1,920,820	2,060,072	7.2
Total income	3,537,852	3,884,852	9.8

Notes: Financial balanced panel. Mean based on charities with non-zero total income (n = 31,294 in 2014 and n = 31,348 in 2016).

**Figure A.11 Change in median levels of income by income type, 2014–2016**

Income type	2014		2016		Change (%)
	Number of charities	Median (\$)	Number of charities	Median (\$)	
Government grants	11,944	282,853	12,210	282,624	-0.1
Donations and bequests	19,805	18,470	19,822	18,687	1.2
Other income and revenue	29,323	70,972	29,713	71,216	0.3
Total gross income	31,294	153,721	31,348	159,066	3.5

Notes: Median calculated using only charities reporting non-zero values (i.e. receiving that source of income)

**Figure A.12 Income diversification, 2014 and 2016**

	2014		2016		Change	
	Number	Per cent	Number	Per cent	Number	Per cent
No income	500	1.6	446	1.4	-54	-10.8
One source of income	9,103	28.6	8,938	28.1	-165	-1.8
Two sources of income	14,604	45.9	14,423	45.4	-181	-1.2
Three sources of income	7,587	23.9	7,987	25.1	400	5.3

Notes: n = 31,794 (financial balanced panel).

**Figure A.13 Donations and bequests by charity size, 2014 and 2016**

	2014 (\$)	2016 (\$)	Change (\$)	Change (%)
Small	571,249,613	741,076,114	169,826,501	29.7
Medium	734,473,820	795,412,622	60,938,802	8.3
Large	5,311,516,232	6,058,454,547	746,938,315	14.1

Notes: n = 31,794 (financial balanced panel).

**Figure A.14 Donations and bequests by activity type, 2014 and 2016**

	2014 (\$)	2016 (\$)	Change (\$)	Change (%)
Income support and maintenance	14,940,799	26,655,892	11,715,093	78.4
Sports	14,567,420	21,325,185	6,757,765	46.4
Employment and training	14,767,510	21,186,301	6,418,791	43.5
Research	276,496,688	381,503,571	105,006,883	38.0
Law and legal services	5,307,551	7,198,252	1,890,701	35.6
Other Philanthropic	89,879,398	120,952,612	31,073,214	34.6
Grant-making activities	434,164,918	572,914,481	138,749,563	32.0
Social services	384,725,616	481,496,883	96,771,267	25.2
Mental health and crisis intervention	47,370,549	59,018,291	11,647,742	24.6
Other health service delivery	409,939,164	503,002,027	93,062,863	22.7
Economic, social and community development	336,771,302	406,972,638	70,201,336	20.8
Culture and arts	234,041,974	278,322,508	44,280,534	18.9
Civic, advocacy and political activities	28,195,743	32,913,607	4,717,864	16.7
Other	838,900,038	969,341,563	130,441,525	15.5
Emergency Relief	257,495,035	292,683,504	35,188,469	13.7
International activities	714,303,687	785,271,277	70,967,590	9.9
Religious activities	1,033,569,526	1,133,596,115	100,026,588	9.7
Animal Protection	142,760,824	153,612,759	10,851,935	7.6
Environmental activities	146,348,083	153,022,244	6,674,161	4.6
Higher education	404,522,465	421,885,855	17,363,390	4.3
Primary and secondary education	170,723,687	173,479,599	2,755,912	1.6
Hospital services and rehabilitation activities	143,854,235	145,721,717	1,867,482	1.3
Aged Care Activities	114,698,119	112,495,111	-2,203,008	-1.9
Other recreation and social club activities	15,758,228	14,750,327	-1,007,901	-6.4
Housing activities	62,579,827	57,323,594	-5,256,233	-8.4
Other Education	216,955,292	185,529,453	-31,425,839	-14.5

Notes: n = 31,794 (financial balanced panel).

**Figure A.15 Mean and median levels of expenditure by expense type, 2014–2016**

	Number of charities*		Median (\$)		Mean (\$)	
	2014	2016	2014	2016	2014	2016
Employee expenses	16,491	16,661	272,675	295,328	3,487,491	3,884,722
Grants and donations (domestic)	10,222	10,931	16,005	16,133	336,236	360,037
Grants and donations (overseas)	2,551	2,691	13,934	15,000	441,362	497,182
Grants and donations (domestic or overseas)	11,312	11,974	20,000	20,401	403,369	440,410
All other expenses	29,814	30,058	64,565	69,572	1,305,831	1,459,460
Total expenses	30,842	31,023	134,349	149,178	3,274,987	3,670,350

Notes: n = 31,794 (financial balanced panel). \* includes only charities incurring each type of expense.

**Figure A.16 Expenditure on grants and donations by activity type, 2016 and 2016**

	2014 (\$)	2016 (\$)	Change (\$)	Change (%)
Aged care activities	19,735,772	45,821,767	26,085,995	132.2
Animal protection	16,941,509	29,285,787	12,344,278	72.9
Civic, advocacy and political activities	25,297,622	14,243,014	-11,054,608	-43.7
Culture and arts	79,785,452	93,019,664	13,234,212	16.6
Economic, social and community development	370,771,528	343,919,602	-26,851,926	-7.2
Emergency relief	253,231,729	281,527,262	28,295,532	11.2
Employment and training	79,144,024	8,904,922	-70,239,102	-88.7
Environmental activities	81,802,376	82,283,015	480,639	0.6
Grant-making activities	653,087,185	684,566,748	31,479,563	4.8
Higher education	644,630,997	999,380,112	354,749,115	55.0
Hospital services and rehabilitation activities	89,226,540	82,762,960	-6,463,580	-7.2
Housing activities	12,216,328	18,822,769	6,606,441	54.1
International activities	542,758,743	734,350,190	191,591,447	35.3
Income support and maintenance	7,446,914	10,583,486	3,136,572	42.1
Law and legal services	102,425,944	113,125,132	10,699,188	10.4
Mental health and crisis intervention	48,708,468	45,624,968	-3,083,500	-6.3
Other education	150,428,957	120,146,707	-30,282,250	-20.1
Other health service delivery	280,163,877	244,497,908	-35,665,969	-12.7
Other philanthropic activities	13,317,592	81,888,011	68,570,419	514.9
Other activities	414,320,970	549,611,498	135,290,528	32.7
Other recreation and social club activities	4,346,297	5,373,141	1,026,844	23.6
Primary and secondary education	112,862,453	114,845,049	1,982,596	1.8
Religious activities	217,707,509	231,125,808	13,418,299	6.2
Research	146,826,739	145,412,026	-1,414,713	-1.0
Social services	164,906,910	111,565,894	-53,341,016	-2.3
Sports	4,778,257	13,218,248	8,439,991	176.6

Notes: n = 30,794 (financial balanced panel). Main activity information was missing for 1,000 charities.

**Figure A.17 Net income and net income ratio by main activity, 2014 and 2016**

2014 Main activity	Net income 2014	Net income 2016	Total expenses 2014	Total expenses 2016	Net income ratio 2014	Net income ratio 2016
Aged care activities	739,424,857	737,321,924	8,845,670,732	9,960,840,673	7.7	6.9
Animal protection	19,290,062	15,339,962	291,908,734	336,932,068	6.2	4.4
Civic, advocacy and political activities	10,556,077	459,464	289,517,118	321,670,408	3.5	0.1
Culture and arts	192,588,489	132,083,878	1,577,825,648	1,736,184,913	10.9	7.1
Economic, social and community development	214,349,214	146,704,648	2,499,012,444	2,499,186,385	7.9	5.5
Emergency relief	59,679,211	66,847,898	891,888,861	983,651,496	6.3	6.4
Employment and training	29,802,265	12,530,848	2,408,887,140	2,475,370,504	1.2	0.5
Environmental activities	67,170,784	30,953,834	517,218,639	552,620,837	11.5	5.3
Grant-making activities	542,959,330	365,177,974	910,483,796	1,064,245,090	37.4	25.5
Higher education	2,129,360,955	1,616,891,149	26,364,358,733	28,484,562,038	7.5	5.4
Hospital services and rehabilitation activities	633,723,755	261,730,003	7,581,849,385	8,532,366,239	7.7	3.0
Housing activities	567,773,296	630,054,979	1,447,483,792	1,645,203,006	28.2	27.7
International activities	59,000,261	1,777,754	918,666,047	1,071,839,001	6.0	0.2
Income support and maintenance	12,018,419	21,651,076	39,397,902	24,044,340	23.4	47.4
Law and legal services	30,076,687	-387,290	927,967,932	1,017,518,807	3.1	-0.04
Mental health and crisis intervention	33,153,018	34,773,003	708,760,122	833,062,386	4.5	4.0
Other education	386,804,662	350,771,425	5,565,713,162	5,816,571,473	6.5	5.7
Other health service delivery	310,696,399	388,159,459	4,380,173,436	6,677,212,051	6.6	5.5
Other philanthropic activities	44,121,686	15,877,731	101,726,117	161,507,358	30.3	9.0
Other	877,737,205	723,985,972	6,969,880,816	7,407,028,759	11.2	8.9
Other recreation and social club activities	33,147,056	15,155,441	366,621,228	382,763,507	8.3	3.8
Primary and secondary education	1,777,246,320	1,557,942,839	16,061,919,894	19,416,587,965	10.0	7.4
Religious activities	510,855,459	333,671,673	2,423,165,586	2,670,090,883	17.4	11.1
Research	98,347,836	46,554,036	1,954,442,876	2,119,530,507	4.8	2.1
Social services	220,300,691	267,593,355	6,325,667,813	6,755,997,358	3.4	3.8
Sports	679,567	55,522,387	146,658,173	122,824,892	0.5	31.1

Notes: n = 30,794 (financial balanced panel). Main activity information was missing for 1,000 charities.

**Figure A.18 Charities with non-zero assets by charity size, 2014 and 2016**

Size	2014		2016		Total
	Number*	Per cent of total	Number*	Per cent of total	
Small	17,196	89.2	18,069	93.8	19,273
Medium	5,576	98.0	5,599	98.4	5,691
Large	5,827	85.3	5,919	86.7	6,830
Total	28,599	90.0	29,587	93.1	31,794

Notes: n = 31,794 (financial balanced panel). \*charities with non-zero assets

**Figure A.19 Change in total assets, total liabilities, aggregate net assets and asset ratio by charity size, 2014–2016**

	Charity size	2014 (\$)	2016 (\$)	Change (\$)	Change (%)
Total assets	Large	193,441,028,259	221,461,488,884	28,020,460,625	14.5
	Medium	11,451,057,965	12,663,666,167	1,212,608,202	10.6
	Small	8,494,569,161	10,901,078,919	2,406,509,758	28.3
	Total	213,386,655,385	245,026,233,970	31,639,578,585	14.8
Total Liabilities	Large	62,381,730,343	71,027,383,538	8,645,653,195	13.9
	Medium	1,782,027,447	1,970,480,991	188,453,544	10.6
	Small	888,176,570	1,318,138,788	429,962,218	48.4
	Total	65,051,934,360	74,316,003,317	9,264,068,957	14.2
Aggregate net assets	Large	131,059,297,916	150,434,105,346	19,374,807,430	14.8
	Medium	9,669,030,518	10,693,185,176	1,024,154,658	10.6
	Small	7,606,392,591	9,582,940,131	1,976,547,540	26.0
	Total	148,334,721,025	170,710,230,653	22,375,509,628	15.1
Asset ratio	Large	3.1	3.1	0	
	Medium	6.4	6.4	0	
	Small	9.6	8.3	-1.3	
	Total	3.28	3.30	-0.02	

Notes: n = 31,794 (balanced financial panel).

**Figure A.20 Total assets, total liabilities and net assets by activity, 2014 and 2016**

	Number	Total assets 2014	Total liabilities 2014	Total assets 2016	Total liabilities 2016	Net assets 2014	Net assets 2016
Aged care activities	1,225	28,850,794,293	16,096,017,722	34,390,804,275	19,780,869,237	12,754,776,571	14,609,935,038
Animal protection	343	515,568,969	70,252,034	566,538,015	68,599,705	445,316,935	497,938,310
Civic, advocacy and political activities	335	488,944,996	152,603,391	516,209,429	139,395,004	336,341,605	376,814,425
Culture and arts	1,687	5,578,923,357	471,062,554	10,625,012,006	517,741,265	5,107,860,803	10,107,270,741
Economic, social and community development	1,610	4,490,335,256	850,136,332	4,836,811,803	941,698,639	3,640,198,924	3,895,113,164
Emergency relief	973	1,065,151,657	319,885,692	1,200,746,483	313,576,527	745,265,965	887,169,956
Employment and training	423	1,847,538,304	528,940,791	1,850,276,476	535,170,940	1,318,597,513	1,315,105,536
Environmental activities	677	822,986,939	238,674,464	904,784,295	212,877,125	584,312,475	691,907,170
Grant-making activities	2,315	10,815,474,025	234,730,274	11,208,423,167	275,260,712	10,580,743,751	10,933,162,455
Higher education	528	67,338,845,737	18,855,735,465	71,175,484,096	19,641,370,946	48,483,110,272	51,534,113,150
Hospital services and rehabilitation activities	291	6,935,236,603	3,013,010,286	7,963,429,498	3,519,674,856	3,922,226,317	4,443,754,642
Housing activities	702	9,321,055,293	1,877,649,405	10,435,663,905	1,915,432,408	7,443,405,888	8,520,231,497
International activities	297	449,900,494	115,138,637	448,848,729	134,560,398	334,761,857	314,288,331
Income support and maintenance	106	136,906,462	3,375,673	181,806,132	6,724,098	133,530,789	175,082,034
Law and legal services	180	538,804,993	266,256,777	571,169,675	316,434,450	272,548,216	254,735,225
Mental health and crisis intervention	376	594,310,805	188,631,256	709,754,601	214,483,479	405,679,549	495,271,122
Other education	3,244	7,856,656,809	2,165,308,015	8,992,997,550	2,453,597,434	5,691,348,794	6,539,400,116
Other health service delivery	1,154	5,401,142,736	1,601,883,687	7,548,029,064	2,613,339,017	3,799,259,049	4,934,690,047
Other philanthropic	115	301,974,363	241,480,995	302,888,003	253,417,449	60,493,368	49,470,554
Other	4,262	14,706,331,944	3,290,402,590	16,675,970,352	3,554,714,552	11,415,929,354	13,121,255,800
Other recreation and social club activities	497	307,709,881	103,316,902	338,521,960	104,476,070	204,392,979	234,045,890
Primary and secondary education	3,029	17,874,244,648	4,817,852,281	23,094,455,676	5,849,519,052	13,056,392,367	17,244,936,624
Religious activities	4,434	14,124,596,879	5,939,129,822	15,716,634,787	6,704,362,555	8,185,467,056	9,012,272,232
Research	415	4,755,959,229	965,290,253	4,930,267,849	1,018,825,888	3,790,668,976	3,911,441,961
Social services	1,391	6,842,579,314	2,272,626,330	7,465,643,454	2,433,472,645	4,569,952,984	5,032,170,809
Sports	185	203,876,979	52,211,063	281,311,675	52,416,203	151,665,916	228,895,472
Missing	1,000	1,220,804,421	320,331,669	2,093,751,015	743,992,663	900,472,752	1,349,758,352
<b>Total</b>	<b>31,794</b>	<b>213,386,655,385</b>	<b>65,051,934,360</b>	<b>245,026,233,970</b>	<b>74,316,003,317</b>	<b>148,334,721,025</b>	<b>170,710,230,653</b>

Notes: n = 30,794 (financial balanced panel). Main activity information was missing for 1,000 charities.



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