

# *PwC-CSI Community Index 2014*



# Overview

The not-for-profit sector is the fastest growing part of the Australian economy. Over the past six years it has grown at nearly twice the rate of the mining sector.

And not only is it growing fast, it's large. In 2012-13 the turnover in the NfP sector was well over \$100 billion.

Under pressure to cut budgets, governments across Australia are increasingly turning to the sector to deliver services and better social outcomes. Over the last six years government funding increased by over 60 per cent to \$41 billion annually.

But despite the growing size and importance of the NfP sector, its leaders are pessimistic their organisations will be able to deliver on what's expected of them.

The latest PwC-CSI Community Index – which measures confidence and opinions among NfP organisations across Australia – has found that:

- less than half of CEOs believe the social purpose system will be more effective at delivering social outcomes in ten years' time
- only 28 per cent of CEOs believe there are clearly defined outcomes in the social system
- only 15 per cent believe there are effective measures of these outcomes in place
- just 11 per cent think funding and other incentives reward organisations who are effective at delivering outcomes.

Not inspiring findings considering how much Australia relies – and will increasingly rely – on NfPs to deliver social outcomes.

Simply increasing the level of funding to the NfP sector is not the answer. More than anything else CEOs want the sector to be taken seriously.

This means fixing the way governments currently engage with NfPs. Seventy per cent of CEOs believe a key constraint to improving outcomes is change in government policy and direction.

CEOs want a more productive relationship with government to improve the effectiveness of the whole social purpose system, of which NfPs are just one part.

The key elements of this are:

- long-term investments by governments in sector and system performance, focused on delivering better outcomes
- a consistent and long-term sector and system strategy, as opposed to constant policy change
- funding mechanisms that are clearly aligned to improving social outcomes, not on activity or compliance.

CEOs also believe there is a role for better regulation of the NfP sector: 90 per cent want a national registry of NfP organisations, 84 per cent think there should be a reporting framework for the NfP sector; 87 per cent say state-based regulation should be nationalized, many thought the ACNC should be retained.

The remainder of this report provides a detailed examination of confidence among NfPs CEOs and explores their views on key issues affecting sector and system performance.

Sector leaders, governments and other stakeholders should consider how they could translate the findings into tangible actions so that together we can build the social purpose system that Australia needs and deserves.

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# Why Australia needs a Community Index

The not-for-profit sector in Australia is large – and growing – yet we have very little data to support good decision-making. The Community Index was developed to address this gap.

Over the last decade the not-for-profit (NfP) sector has experienced rapid and sustained growth. From 2006-07 to 2012-13 its turnover grew 41 per cent – from \$76 billion to \$107.5 billion – making it the fastest growing sector of the Australian economy<sup>1</sup>. In the same six-year period Government funding to the sector increased over 60 per cent from \$25.5 billion to \$41 billion.

In terms of gross added value, the total market value of goods and services produced, the growth rate has been even greater.<sup>2</sup> Since 2006-07 the gross added value of the NfP sector increased by 68 per cent to \$54.8 billion. To put this in perspective, Australia’s GDP grew 16.9 per cent over the same period.

There are over 600,000 NfPs in Australia, now collectively employing over a million people and receiving income of over \$107 billion annually.<sup>3</sup>

Australians are coming to rely on the NfP sector more and more to deliver a wide range of services crucial to our economic and social wellbeing. These include health, education, housing, culture,

advocacy and environmental protection. The performance of the sector is increasingly relevant to the lives of all Australians.

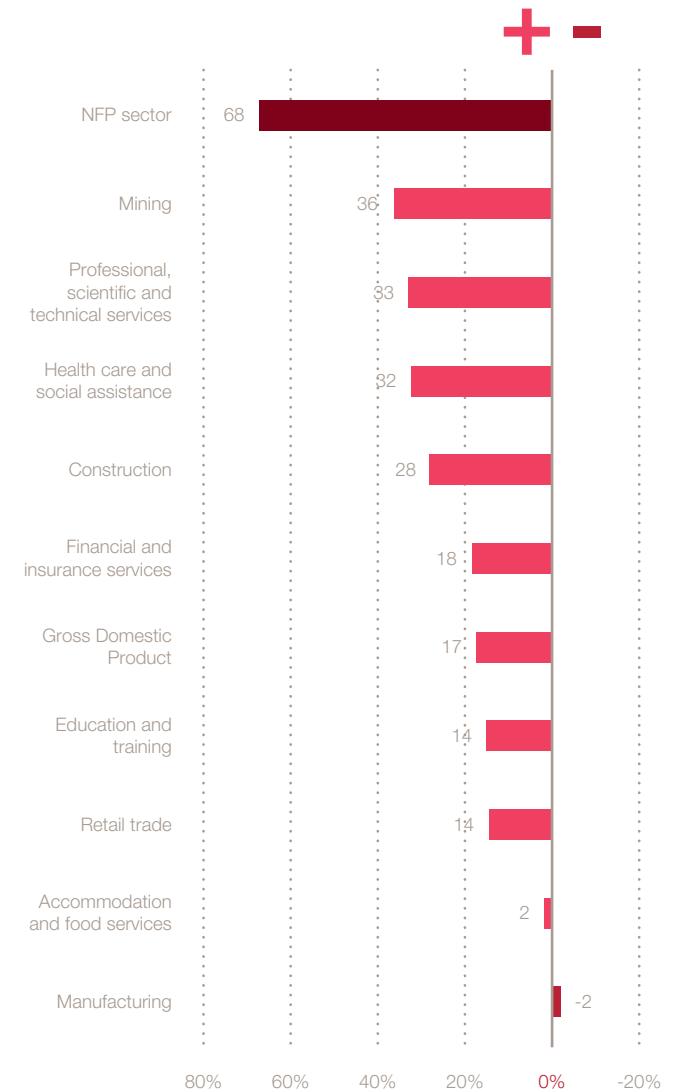
Yet despite its importance there is little credible data about the sector.

The PwC-CSI Community Index (the Index) is an important research program that aggregates the views, concerns and opinions of the sector’s key decision-makers – its CEOs – to reveal a detailed picture about how the sector is really tracking.

It aims to deepen our collective understanding of the confidence and conditions within the sector and to provide data to improve decision making for all stakeholders.

It also provides an opportunity for sector leaders to share their view on what’s working well and what needs attention.

Figure 1: Industry growth rates in Australia (gross added value) 2006/7 – 2012/3 <sup>4</sup>



<sup>1</sup> Australian Bureau of Statistics (2014) Australian National Accounts: Non-Profit Institutions Satellite Account, 2012-13.

<sup>2</sup> In the Australian Systems of National Accounts one measure of contribution to the economy is gross value added (GVA). GVA measures the contribution of different industries in the economy and measures the total value of outputs (revenue and subsidies) from the production of goods and services minus the value of consumption (such as direct and sales taxes). Some examples of industries in the National Accounts include: mining, manufacturing, retail trade, financial services and construction.

<sup>3</sup> Australian National Accounts: Non-Profit Institutions Satellite Account, 2012-13, 2012-13 NPI \$107.5 billion.

<sup>4</sup> The illustration shows the NfP sector alongside National Accounts industries for comparative purposes. Note that the NfP sector contribution is also counted within some of these industries e.g. Health care and social assistance.

### ***The NfP sector is part of the social purpose system***

Whilst the focus of the Index is the NfP sector, it's important to recognise the sector is part of the larger 'social purpose system' in Australia.

The social purpose system includes all government, not-for-profit, philanthropic and for-profit organisations, from the national to community level, that respond to social issues. It constitutes a significant part of the Australian economy.

In 2012-13 State and Federal government expenditure on services totalled \$184 billion<sup>5</sup>. Add to this the estimated \$107.5 billion annual turnover of not-for profits, as well as the cost of services provided by local governments and various for-profit organisations, and it becomes clear why the system needs to work as efficiently and effectively as possible. Having reliable data – such as provided by the Index – is a critical part of making this happen.

### ***About the 2014 Index***

The Index was first launched in 2012. This report presents findings and insights from the third wave of the Index, based on a survey of 305 NfP CEOs conducted between 23 May and 7 July 2014. The survey coincided with the launch of the 2014 Federal budget on 13 May and consequently captures the initial reflections of the budget potential impact on the NfP sector.

The NfP sector in Australia is diverse, with organisations delivering economic and social value across a range of industries. This diversity is captured by the Index, which covers both large and small organisations operating across a range of different activities and industry groups.

Organisations include: service providers, advocacy organisations, intermediaries and trusts and foundations.

Industry groups include: health, education and research, social services, religious, culture and recreation, development and housing, law and advocacy, environmental, philanthropic and volunteerism and international.

Part 1 of this report provides a summary of Index confidence scores and key CEO views across the whole sector.

Part 2 provides a summary of the Index confidence scores and additional insights for each industry.



<sup>5</sup> Estimated government recurrent expenditure on services covered by the 2014 Report on Government Services 2014.

### How the Index confidence score is determined

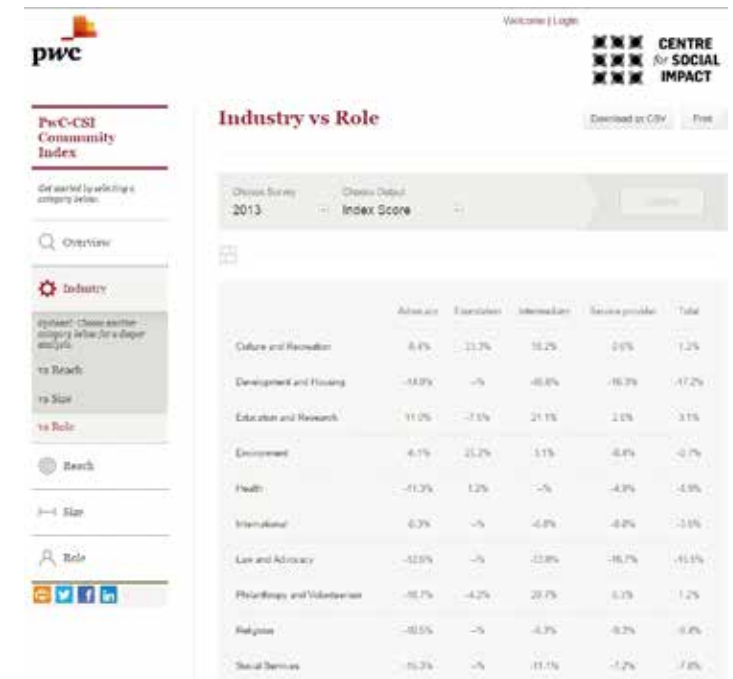
A key result from the Index is the overall confidence of the sector, which is calculated by a weighted score across social purpose, funding, people and relationships. The weighting are: Social Purpose (30%), Funding (30%), People (30%) and Relationship scores (10%).



### Do your own analysis with the Index data cube

This wave of the Index saw the introduction of a data cube, giving respondents an opportunity to track their scores against the outcomes for their industry and the NFP sector overall.

The data cube can be accessed by anyone, allowing them to compare results by organisation size, reach (one state vs national) and activity (advocacy, foundation, intermediary or service provider). To find out more visit [www.communityindex.com.au](http://www.communityindex.com.au)



# Part 1: The 2014 Community Index

## CEO confidence

The overall Index confidence score for 2014 was -2.0 indicating that confidence across the sector is slightly negative. Following is an analysis of the way each of the confidence dimensions contributed to the overall score.

## Social purpose

The primary contributor to the negative level of confidence in the sector was the Social Purpose score of -8.2. 84 per cent of CEOs in the survey anticipate an increasing need for their services in the next year and are only slightly confident in being able to meet this need. Worryingly, 40 per cent of the sector believes social outcomes have worsened over the period.

## Funding

The funding score of -0.1 was neutral compared to what might have been expected given the timing of this survey and the impacts of what was considered to be a tough Federal budget in 2014. Approximately 60 per cent of CEOs believed that funding from Government sources has, and will continue to decrease over the next year.

The sector expects funding from fundraising and commercial activities will increase over the next year. The sentiment that a reduction in government funding will be offset by an increase in market based funding has led to a neutral overall funding score.

## People

The People score across the NfP sector was somewhat negative at -6.4, which is consistent with that seen in previous waves of the Index.

Whilst the majority of organisations expect it to be neither harder nor easier to attract and retain good quality employees currently, almost one third expected it to be more difficult in the next year.

*“Government revenue/grants are ad hoc and it is difficult to plot a business plan against a background of inconsistent policy and funding.”*

*A large development and housing service provider operating in multiple states.*

Figure 2: Confidence in the not for profit sector



Paid employees continue to be a significant source of labour for a majority of the organisations across each of the industries. In contrast, volunteers are only a minor source of labour.

The key constraint inhibiting access to paid employees (ranked highest by 62 per cent of CEOs) was the ability to offer attractive wage rates. Top constraints to accessing volunteers included insufficient resources to manage volunteers, volunteer time constraints and inability to match skills of volunteers to tasks.

**Relationships**

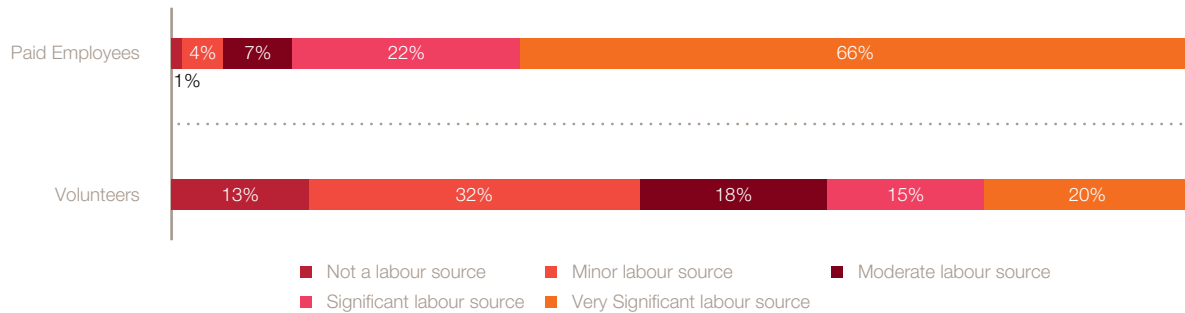
The Relationship score was by far the highest across the sector at +24.4, which is consistent with the result seen in the previous waves of the Index. The majority of respondents expect their relationships with most external stakeholders to slightly improve over the next year.

The exception is the relationship with the Federal government where around a quarter of the sector expects this to deteriorate, which raises questions about perception of the Government and its interactions with the NfP sector.

*“Our biggest restraint in paid employees is being able to offer contracts beyond 12 months”*

An extra small advocacy organisation in the Development and Housing National industry.

Figure 3: Significance of labour sources



**Overall confidence scores**





## CEO views

In addition to answering questions about confidence, CEOs were also asked a series of questions about the overall effectiveness of the NfP sector, economic and social factors affecting the sector and their perceptions of the government’s role in the sector.

### Key economic and social drivers

CEOs were asked to rank what they believed were the top three economic drivers, social drivers and social issues that would ultimately impact on Australia’s overall wellbeing in the next 10 years.

There was consensus that the most important economic factor was the performance of the economy, followed by the jobs growth or decline. This view was shared across all industries as well as across all states.

Ageing population was identified as the top social driver expected to impact on Australia’s wellbeing. An ageing population is expected to cause additional strain on the nation’s health system, impact government budgets and impact the resilience of the community and society as a whole. The likely increase in services needed will place an even greater strain on the already-stretched NfP sector.

### Effectiveness of the social purpose system

The Index defines effectiveness as the achievement of social outcomes per dollar spent or invested in the ‘social purpose system’.<sup>6</sup>

CEOs expect no improvement in effectiveness in the social purpose system over the next ten years; on average expecting it to worsen.

Additionally, CEOs reported very strong disagreement that:

- funding and other incentives reward those who are most effective at achieving social outcomes (71 per cent disagree)
- there are clear measures of our performance in achieving these outcomes (66 per cent disagree)
- social outcomes are clearly defined (58 per cent disagree).

Organisations believed that without clear measurement of performance there is no funding or incentive rewarded to those organisations who can actually deliver against social outcomes.

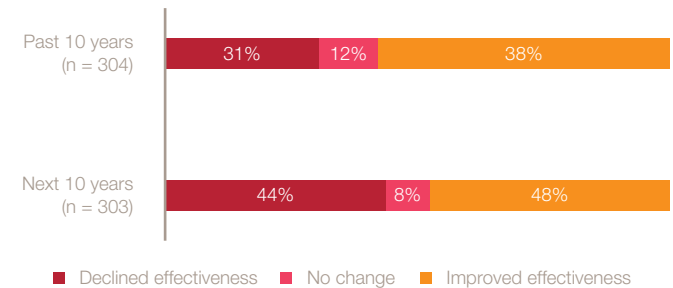
### Sector regulation and the ACNC

The survey identified strong agreement amongst CEOs regarding the role of government regulating the NfP sector. Seventy-nine per cent support a national registry of not-for-profits, 70 per cent support a national reporting framework. Many CEOs indicated, through qualitative responses, that they thought the ACNC should be retained.

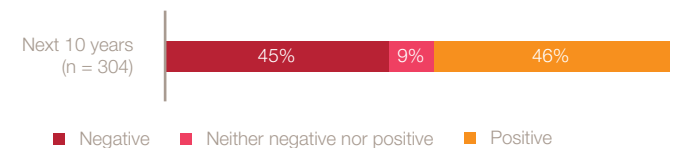
Additionally, CEOs reported that changes in key government policies and directions are seen as a significant constraint to achieving social purpose.

Figure 4: Effectiveness in the social purpose system

To what extent would you say the social purpose system is likely to improve its effectiveness in achieving positive social outcomes?



Overall, how do you assess the environment for the NfP sector in the next ten years?



*“Federal Government is causing significant uncertainty with key programs cut or abolished, poor communication and no long term vision to outline what the future may look like for social purpose strategy from a government perspective.”*

A medium sized Environmental advocacy organisation operating in South Australia.

<sup>6</sup> That includes; government, not-for-profit, philanthropic and for-profit sectors, from national to local community, all responding to social issues.

## CEO confidence by industry, organisation size, activity and reach, and geography

### Industry

The overall confidence score also varied dramatically across the ten industries covered in the Index. Health (7.2) and International (6.9) organisations had the highest confidence scores; Development and housing (-15.2) and Law and Advocacy (-19.0) had significantly lower scores than the rest of the other industries.

Whilst the scores between the different waves are not directly comparable, the two industries with the lowest scores in the previous index

(Development and Housing and Law and Advocacy) continue to have the lowest scores in this wave, with both being driven by low social purpose scores.

In contrast, the two highest scores in this wave (Health and International) have improved their confidence relative to other industries, moving from negative scores in the previous Index.

Table 1: Confidence by industry

	Confidence	Social Purpose	Funding	People	Relationships
Overall	-2.0%	-8.2%	-0.1%	-6.4%	24.4%
Culture and Recreation	-3.2%	-11.5%	5.8%	-12.0%	20.9%
Development and Housing	-15.2%	-31.8%	-9.7%	-16.9%	23.2%
Education and Research	1.5%	0.5%	-1.1%	-3.0%	25.1%
Environment	3.0%	-24.5%	7.3%	17.4%	29.3%
Health	7.2%	9.9%	8.2%	-3.6%	29.0%
International	6.9%	8.5%	-1.5%	6.3%	29.4%
Law and Advocacy	-19.0%	-29.9%	-26.7%	-11.1%	12.7%
Philanthropy and Volunteerism	4.5%	-11.4%	15.8%	2.9%	23.1%
Religious	0.1%	-2.4%	10.5%	-12.7%	14.8%
Social Services	-9.6%	-20.6%	-9.4%	-10.9%	26.4%

## Overall confidence score across ten industries

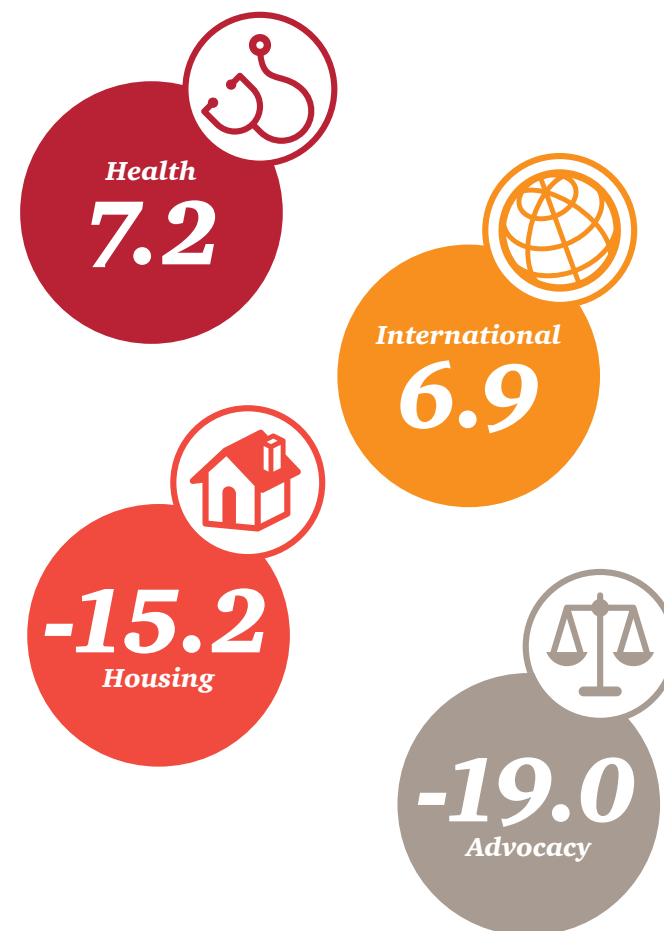


Table 2: Confidence by activity

	Confidence	Social Purpose	Funding	People	Relationships
Overall	-2.0%	-8.2%	-0.1%	-6.4%	24.4%
Advocacy	-5.0%	-19.3%	-3.9%	-2.2%	26.2%
Foundation	-1.5%	-12.6%	17.5%	-16.1%	18.3%
Intermediary	9.4%	4.5%	12.6%	3.2%	32.7%
Service provider	-3.0%	-8.2%	-2.5%	-7.3%	23.6%

**Organisation size and reach**

Overall, smaller organisations are much less confident than larger ones; small and extra small had an overall confidence Index score of -11.9. This was driven by significantly lower social purpose and people scores when compared to larger organisations. Particularly very small organisations reported a worrying low people score (-20.5) compared to the sector average of -6.4.

National organisations tended to be more confident (+3.0) compared to organisations that operated in

only one state (-4.5) or even multiple states (-1.0). This result was driven by generally positive funding scores and a strong relationship score.

Intermediary organisations whose central purpose is to build capacity, relationships, promote giving, fundraising or volunteering were more positive (9.4) than other types of organisations; service providers (-3), advocacy organisations (-5) and foundations (-2).

Table 3: Confidence by size

	Confidence	Social Purpose	Funding	People	Relationships
Overall	-2.0%	-8.2%	-0.1%	-6.4%	24.4%
Extra Small ( less than \$250k)	-11.9%	-19.3%	-6.9%	-20.5%	21.4%
Small (\$250k > \$1m)	-11.9%	-29.4%	-10.5%	-5.1%	16.0%
Medium (\$1m > \$5m)	1.3%	-8.2%	9.2%	-5.6%	27.1%
Large (\$5m > \$25m)	-3.3%	-8.5%	-6.6%	-4.5%	25.8%
Extra Large (>\$25m)	-0.1%	-2.6%	3.1%	-8.6%	23.2%

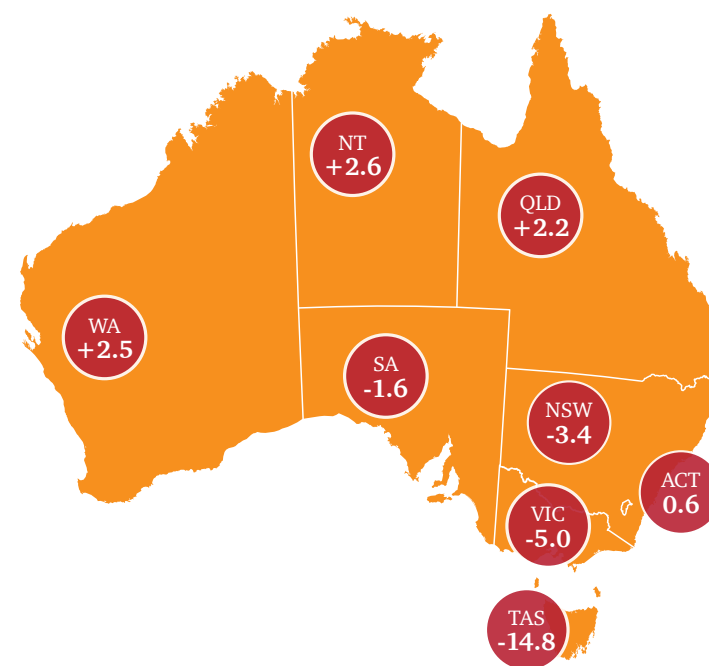
Table 4: Confidence by reach

	Confidence	Social Purpose	Funding	People	Relationships
Overall	-2.0%	-8.2%	-0.1%	-6.4%	24.4%
International	-3.3%	-6.6%	0.5%	-13.2%	24.3%
Multiple states	-1.0%	-1.3%	12.2%	-23.1%	26.2%
National	3.0%	-3.6%	5.4%	-1.9%	30.3%
One state	-4.5%	-12.5%	-5.6%	-3.9%	21.0%

**Geography**

The level of confidence differed greatly by state, with Tasmania (-14.8) having the lowest confidence amongst those who reported as operating only in one state, whilst respondents in Northern Territory had the highest confidence.

Figure 5: Confidence by state



# Part 2: Industry insights



## Culture and recreation

The Culture and Recreation industry in the not-for-profit sector includes: sport and recreation clubs, training facilities and venues; art galleries, museums, performance art and cultural venues; zoos and aquarium.

The culture and recreation industry makes a significant contribution to the Australian economy, employing around 128,000 people and more than two million volunteers. It is a significant contributor to the Australian economy with an estimated \$7.2 billion of gross value added.

The Culture and Recreation industry has an index score of **-3.2** indicating a slightly negative confidence level in the industry.

### Key insights

- Organisations in this industry received **25 per cent of funding from commercial sources**, with more than 57 per cent of respondents expecting this to increase over the coming year, driving the strong funding score.
- **Community resilience** was seen as the top social driver impacting on Australia's wellbeing in the next 10 years.
- On the other hand, **physical health/obesity and unemployment** were seen as the top social issues.

### Industry response at a glance

**33**  
respondents

**60%**  
are small to medium  
organisations

**\$204.1m**  
in reported revenue

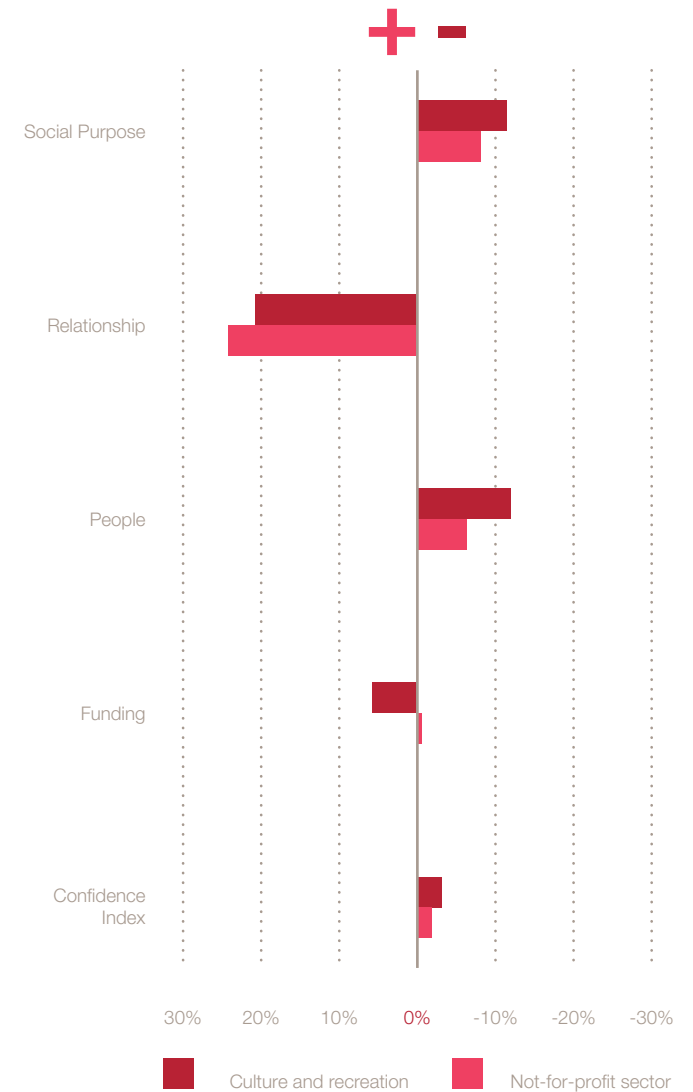
### Areas of focus

- Culture, arts and sport
- Economic, social and Community development
- Other education



*Sports, arts and culture, and recreation: this is the industry that contributes a great deal to the personal wellbeing and quality of life of Australian communities. The industry faces complex issues related to funding, controversy over pokies legislation and yet, is celebrated as one of the cornerstones of national culture.*

Figure 6: Confidence in the culture and recreation sector





## Education and research

Education and research organisations in the not-for-profit sector include research centres, schools, universities and tertiary education providers (excluding universities), early childhood and adult or continuing learning centres. The industry has a gross value added (GVA) of more than \$16 billion, and generates a total income of more than \$26 billion: representing 25 per cent of total income across the social sector.

The Education and Research industry has an index score of **+1.5** indicating a fairly neutral level of confidence.

### Key insights

- Organisations in this sector see their **relationship with the general public and philanthropists/donors** to be particularly important compared to the sector overall, and believe that these relationship will improve over the next year.
- Around 30 per cent of organisations expect that it will be moderately **harder to attract and retain good quality employees**, although the sector response overall was quite neutral.
- **Unemployment and Mental Health** were seen as the top social issues impacting Australia's wellbeing over the next 10 years.

### Industry response at a glance

**30**  
respondents

**73%**  
are service providers

**\$356.9m**  
in reported revenue

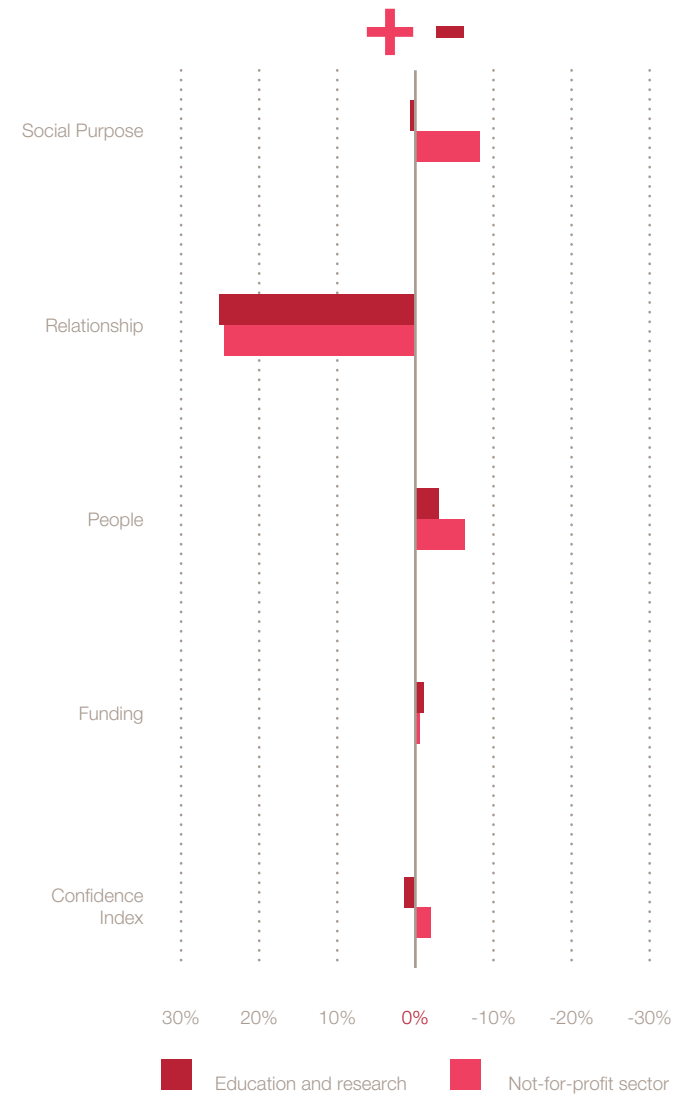
#### Areas of focus

- Employment and training
- Indigenous support services
- International activities
- Other education



*With a focus on learning and knowledge creation, not-for-profit education and research organisations comprise a significant proportion of the national economy and social infrastructure.*

Figure 7: Confidence in the education and research sector





## Health

Not-for-profit health organisations in Australia undertake a range of activities. These organisations include specialised mental health hospitals and treatment centres, rehabilitation facilities, emergency and crisis services, public health education. Health as a category does not include hospitals. This industry contributes more than \$5.7 billion to GVA and generates \$10.2 billion in revenue.

The Health industry has a PwC-CSI Community Index score of **+7.2** the highest score of any of the industries surveyed in this wave of the Index. This is a significant improvement from the previous wave of the Index where this industry had a negative outlook.

### Key insights

- Organisations within the Health sector believe that there will be an increasing need for their services in their services, but more than **three quarters are confident that they can meet the growing demand.**
- Health NfPs most of their funding from the Government which is expected to decrease across the year, but is expected to be more than **offset by increases in funding from Commercial and Public Fundraising** sources, leading to the strong funding score.

### Industry response at a glance

**34**  
respondents

**76%**  
are service providers

**\$1.9bm**  
in reported revenue

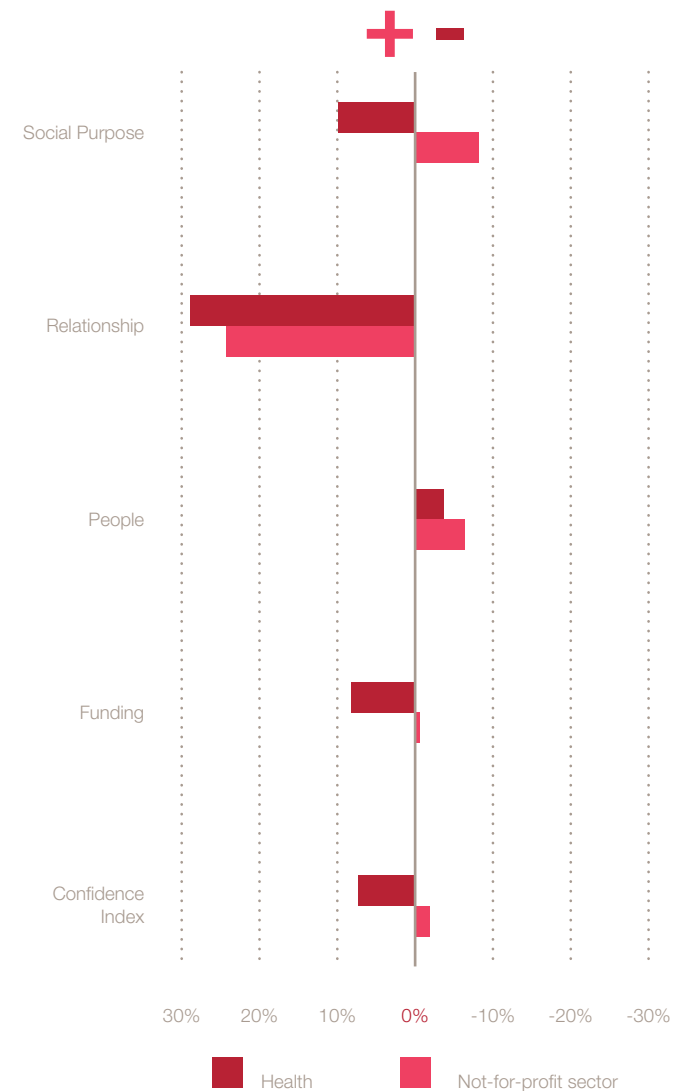
#### Areas of focus

- Mental health services
- Family and relationship services
- Disability services
- Other health



*Health organisations in the not-for-profit sector are under pressure to deliver services under financial and human resource strains, while juggling complex issues associated with physical and mental health in the community.*

Figure 8: Confidence in the health sector





## Social services

Social service organisations include those dedicated to youth, family, refugee and disability services and welfare; as well as organisations providing temporary shelter, disaster and emergency prevention and control. The industry has a gross value added (GVA) of more than \$10 billion, and generates a total income of more than \$19 billion: representing 18% of total income across the social sector.

Social services include a diverse range of organisations providing a vast array of services; but also include organisations varied in size, location and operational structures. This industry is the biggest employer within the NFP sector according to the Productivity Commission (2010).

The Social Services industry has a PwC-CSI Community Index score of **-9.6** indicating a negative level of confidence. This is consistent with the negative outlook observed in previous waves.

### Key insights

- **54 per cent of respondents** in the social services industry believe social outcomes have worsened (compared to only 12 per cent in the NFP sector), leading to a Social Purpose score of **-20.6**.
- Social services organisations **receive 65 per cent of their funding from the Government**, a significantly greater proportion than the total NFP sector, contributing towards their low funding score of **-9.4**.
- A large proportion of organisations within the industry believe that the Australian social purpose system is not good at **adopting/scaling innovations**.

## Industry response at a glance

**50**  
respondents, the most  
for this survey

**76%**  
are large or extra large  
organisations

**\$2.0bn**  
in reported revenue

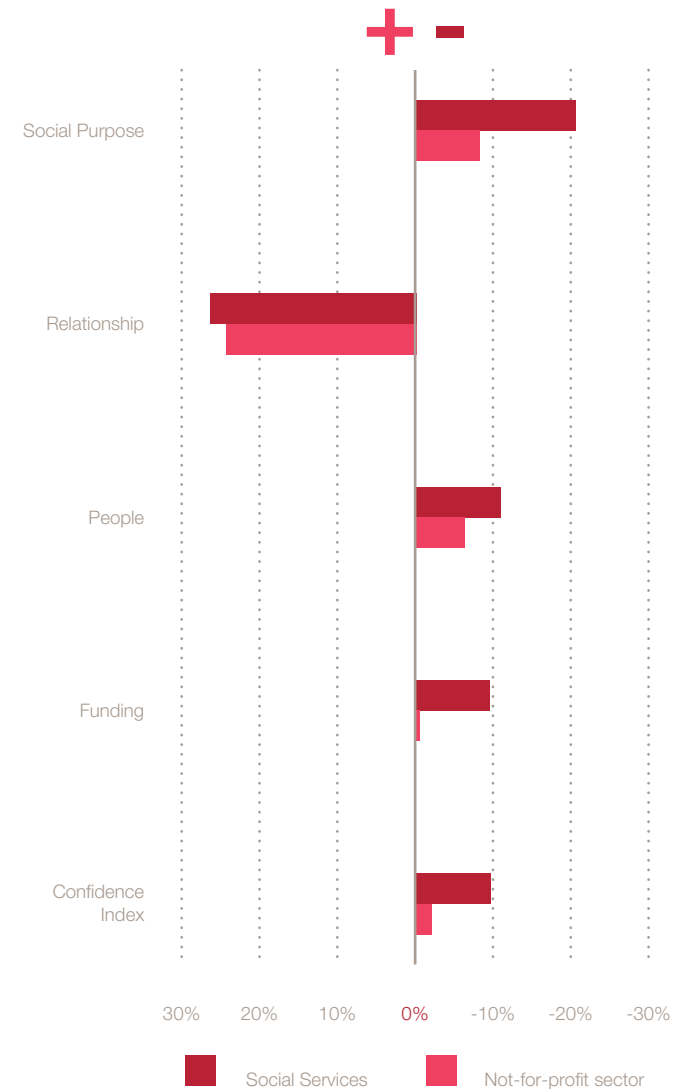
### Areas of focus

- Child welfare, child services and day care
- Housing/homelessness services
- Employment and training



*The Social Services industry consistently faces high demand for its services and will be relied on at some point by a high proportion of the Australian community. Disadvantaged and vulnerable people are particularly reliant on social services.*

Figure 9: Confidence in the social services sector





## Environment

Environmental organisations in the Australian not-for-profit sector are responsible for a broad range of activity including animal protection and natural conservation, veterinary services, campaigning and advocacy, and natural disaster relief. The industry represents a small proportion of the sector as a whole.

The Environment industry had a positive index score of **+3.0** compared to that of the NFP sector (-2.0).

### Key insights

- Around **90 per cent** of organisations within the **Environment** sector believe that there will be an increasing need for their services in the next year and more than half of the respondents stated that social outcomes are worsening.
- Organisations perceived their **relationship with the General Public** to be more important when compared to the NFP sector overall.
- More than **80 per cent** of respondents listed **Environmental Change** as one of the top social/environmental drivers.

### Industry response at a glance

**32**  
respondents

**41%**  
are advocacy  
organisation

**\$168.0m**  
in reported revenue

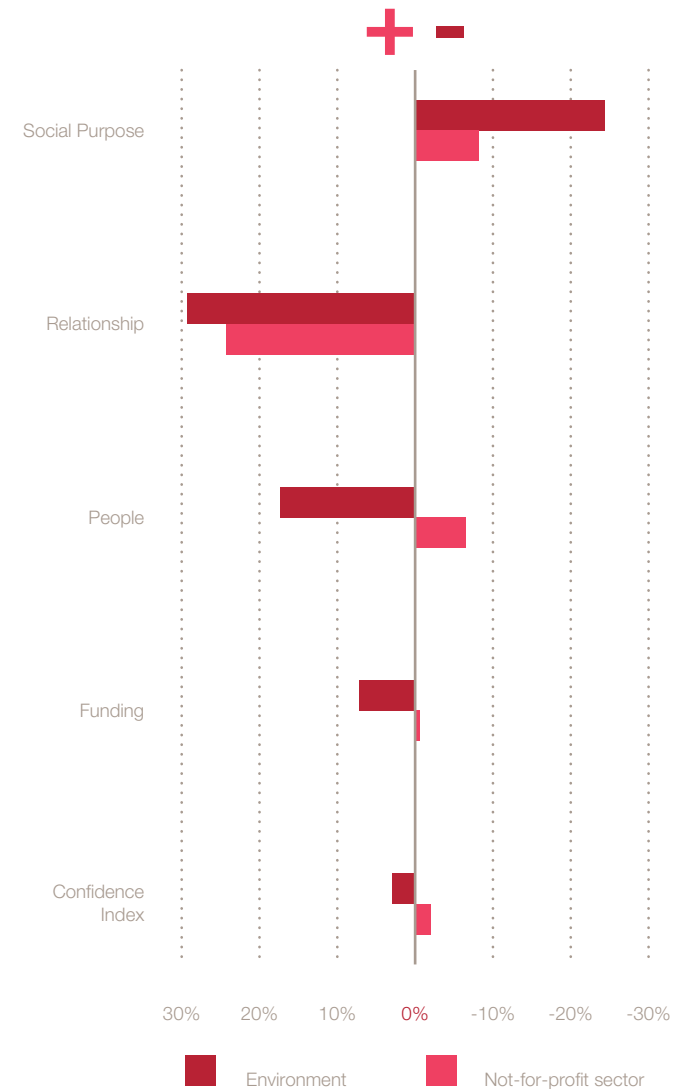
#### Areas of focus

- Environmental activities
- Other education
- Civic and advocacy activities



*At the centre of global debate on climate change, conservation and depleting resources, and very much on the Australian political agenda, environmental organisations in the not-for-profit sector are the subject of powerful opposition and passionate support.*

Figure 10: Confidence in the environment sector







## Development and housing

Development and Housing organisations tackle a broad range of activities including economic and social development programs, housing, vocational guidance and counselling, and support for disadvantaged groups.

The Development and Housing industry is significantly smaller than the other industries in the sector, and on a National Account and NPI Satellite Account Basis is grouped with similar industries including: Environment, Law and Advocacy, Philanthropic and International.

The Development and Housing industry has an index score of **-15.2** and has consistently had one of the most negative scores across the previous waves of the Index.

### Key insights

- The Development and Housing industry had a **social purpose score of -31.8**, the lowest of any industry.
- This was driven by **third of all respondents** expecting a significantly increasing need in demand and worsening outcomes for the sector.
- Organisations within the Development and Housing industry receive most of their funding from the Government, but **a third of respondents expect a strong reduction** from this source.
- This industry had the largest proportion of organisations indicating that **paid employees were a significant labour force (90 per cent)** and that it will be harder to attract and retain good quality employees.

### Industry response at a glance

**30**  
respondents

**70%**  
are large or extra large organisations

**\$525.9m**  
in reported revenue

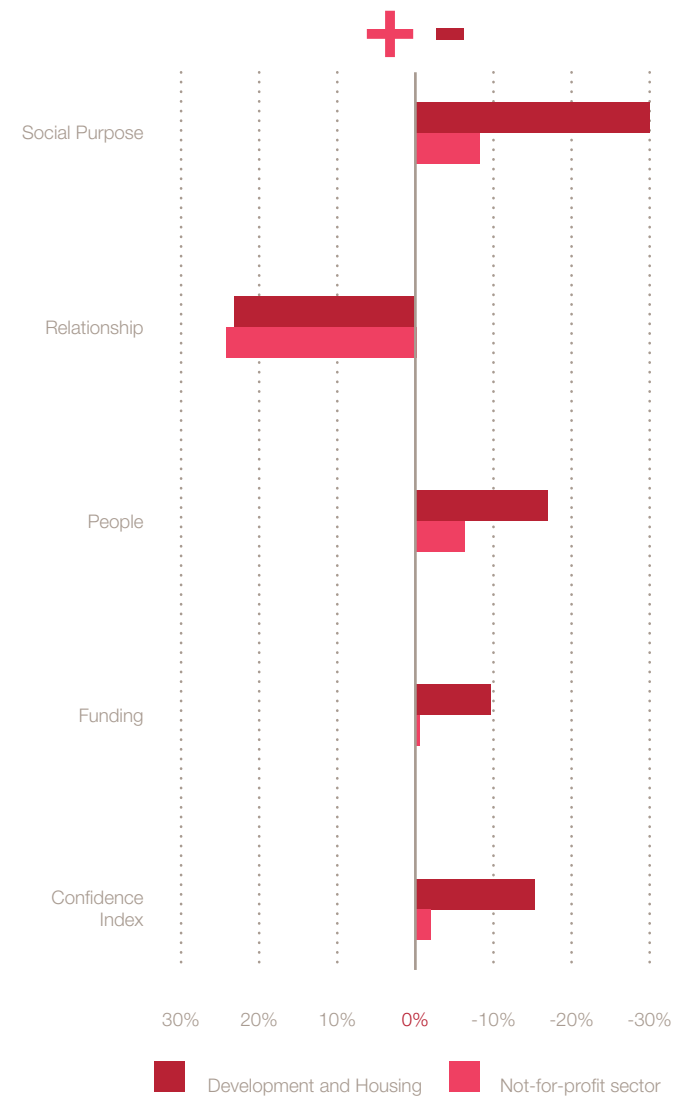
#### Areas of focus

- Environmental activities
- Other education
- Civic and advocacy activities



*Organisations dealing firsthand with issues of homelessness and socio-economic isolation, community development, employment and training comprise the Development and Housing not-for-profit industry.*

Figure 11: Confidence in the development and housing sector





## Law and advocacy

Law and Advocacy organisations aim to protect and promote civil rights, and advocate the social and political interests of interest groups to influence policy or public perceptions. Law organisations include legal aid services, crime prevention, public safety and victim support.

The Law and Advocacy industry has a PwC-CSI Community Index score of **-19.0** the lowest score of any of the industries surveyed in this wave of the Index. This result continues the sentiments reflected in previous waves of the Index for this industry.

### Key insights

- In the Law and Advocacy industry, **around 75 per cent of funding comes from the Government** which is expected to decrease over the next year, contributing to the considerably weaker funding index score.
- The industry's low confidence was also driven by the Social Purpose score, where **93 per cent of respondents expect an increasing need** and almost half concerned about their organisation's ability to achieve the social purpose.
- **Two thirds of respondents** believe that the effectiveness of the social purpose system is likely to decline over the next 10 years.

### Industry response at a glance

**28**  
respondents

**86%**  
are small to medium  
organisations

**\$101.8m**  
in reported revenue

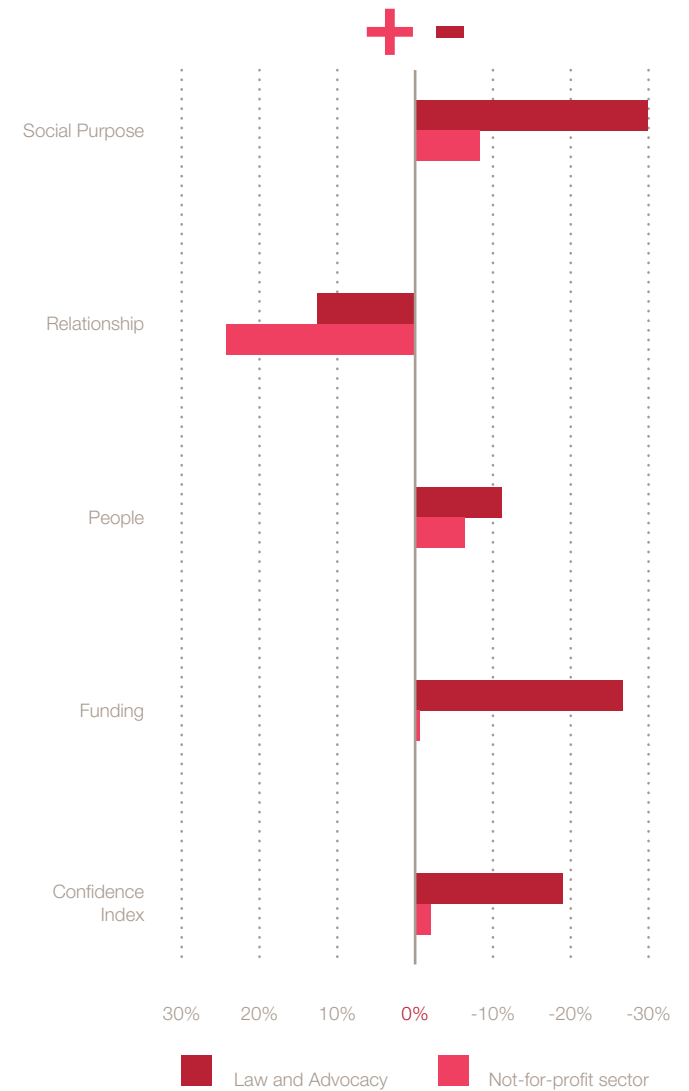
#### Areas of focus

- Civic and advocacy activities
- Disability services
- Economic, social and community development
- Other education



*This industry is a mix of publicly engaged activism, service provision and policy development. As debates around Big Society, open democracy and changes in federal and state governments occur, conflicting pressures impact the Law and Advocacy industry in the not-for-profit sector.*

Figure 12: Confidence in the law and advocacy sector





## Philanthropy and volunteerism

Philanthropy and Volunteering is a diverse industry in the not-for-profit sector. It includes: individual, family, community and corporate foundations; organisations managing fundraising and volunteering – both individual and workplace programs; and organisations that promote, research and facilitate philanthropic activity, fundraising or volunteering.

The World Giving Index calculates that in 2010, 70% of the Australian adult population made some kind of financial donation to a charity and 38% volunteered some of their time. This put Australia, along with New Zealand, at the number one spot on the World Giving Index.

The Philanthropy and volunteerism industry has a PwC-CSI Community Index score of **+4.5**, continuing the slightly positive results observed in the previous waves.

### Key insights

- In the Philanthropy and Volunteerism industry, **55 per cent of funding is from Investment and Philanthropy** which organisations expect to increase over the next year, driving a strong funding score.
- Organisations in this industry also saw **family resilience and community resilience** as the top social drivers impacting on Australia's wellbeing.
- **Two thirds of respondents** believed that the social purpose system is likely to improve effectiveness in achieving positive outcomes over the next 10 years.

### Industry response at a glance

**19**  
respondents

**47%**  
are foundations

**\$63.8m**  
in reported revenue

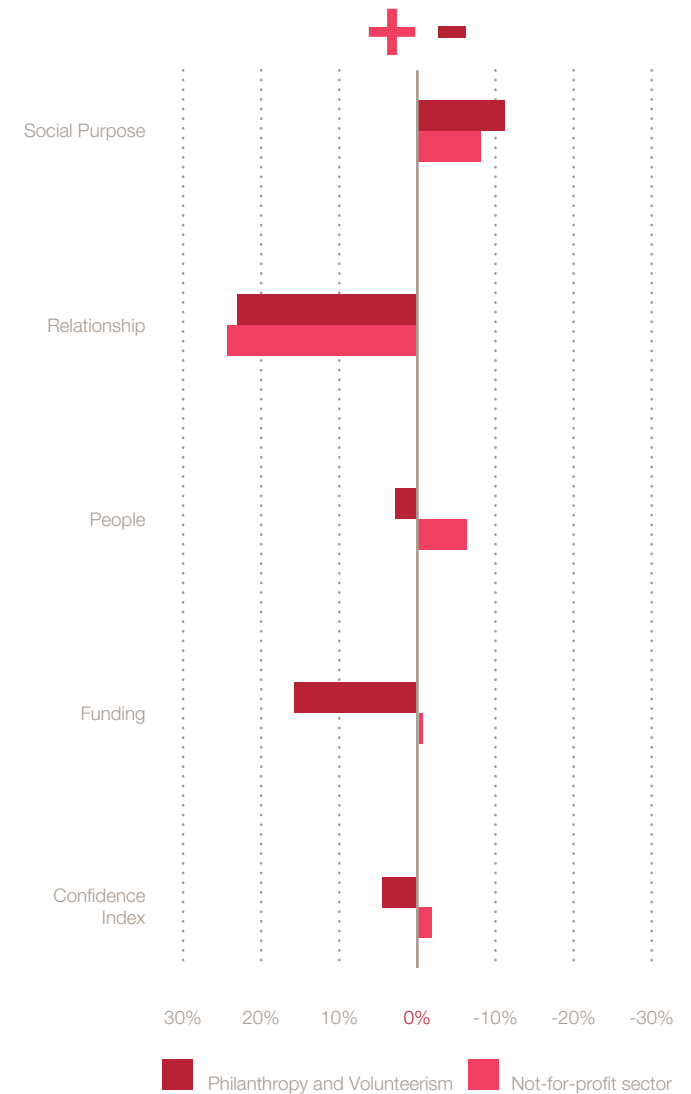
#### Areas of focus

- Civic and advocacy activities
- Aged care activities
- Emergency and relief
- Other education



*Giving money and time is at the heart of the not-for-profit sector – philosophically, and practically. Without the willingness of people to donate both, the not-for-profit sector would significantly reduce the diversity of its services to the community.*

Figure 13: Confidence in the philanthropy and volunteerism sector





## International

The International industry includes Australian organisations or Australian branches of international organisations that work with individuals, communities, organisations and governments in other countries. Activities predominantly focus on cultural exchange, development assistance, disaster relief, human rights and peace. As the term ‘international’ suggests, much of the focus is removed from the Australian economy, but very involved in aid distribution.

The International industry had a strong positive index score of **+6.9**, which is a turnaround from the negative sentiments observed in the previous wave of the survey.

### Key insights

- Organisations in the International industry reported a strong Social Purpose score, with **75 per cent of respondents being confident** about being able to meet the growing demand.
- Additionally, almost **two thirds of respondents believe social outcomes have improved** in the industry, contributing to the positive social purpose index score.
- Organisations within the International industry described their relationships with the **General Public, the Federal Government and Philanthropists/Donors** to be the most important.

### Industry response at a glance

**26**  
respondents

**50%**  
are intermediary  
organisations

**\$1.02m**  
in reported revenue

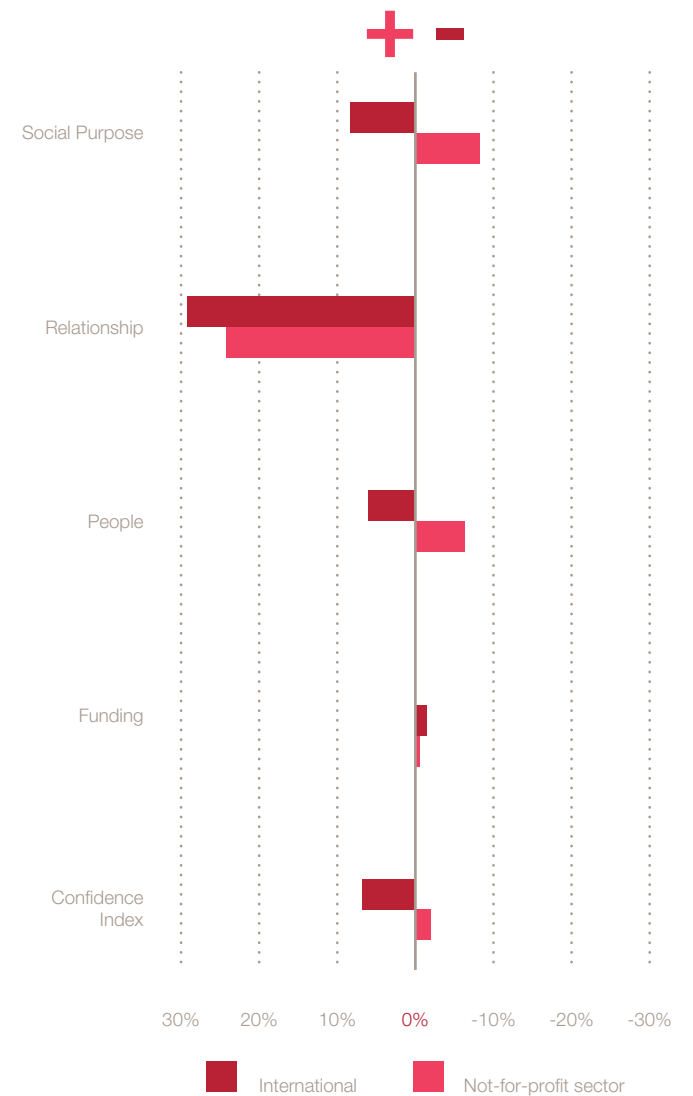
#### Areas of focus

- Economic, social and community development
- Emergency and relief
- International activities



*The international not-for-profit industry is focussed on aid, development, disaster relief, human rights, peace, international relations and cultural exchange around the world.*

Figure 14: Confidence in the international sector





## Religion

Although numerous not-for-profit organisations align their mission with a faith-based purpose, particularly social services and international development, only those with the primary purpose of promoting religious beliefs, services and rituals are included in this category. These include organisations such as churches, mosques, synagogues, temples and other places of worship.

These organisations are mostly small in terms of revenue and number of employees, however, there are more religious organisations in Australian than in any other industry of the not-for-profit sector.

The Development and Housing industry has an index score of **+0.1** which is neutral score compared to previous waves of the Index where the industry had very low levels of confidence.

### Key insights

- Organisations in the Religion industry had a strong funding score. Only around 14 per cent of funding comes from Government, with most funding coming rather from **Membership and Investments** which is contributing to the strong Funding score.
- **Both paid employees and volunteers** are a significant labour source for organisations in the Religion sector, though respondents believe that it will be moderately harder to attract and retain good volunteers.
- **Mental health, drug and alcohol issues and unemployment** were considered by organisations as the top social issues impacting on Australia's overall wellbeing.

### Industry response at a glance

**23**  
respondents

**61%**  
are service providers

**\$2.46bn**  
in reported revenue

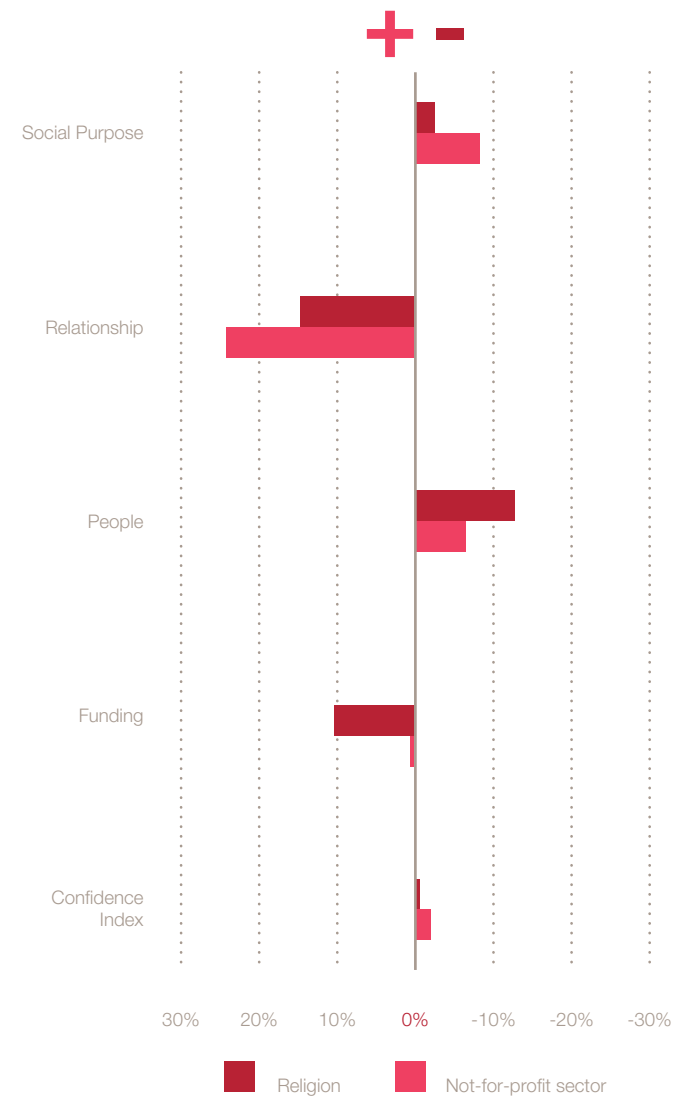
#### Areas of focus

- Religious activities
- Emergency and relief
- Aged care activities
- Disability services



*Much of the history of the not-for-profit sector in Australia has its foundations in a faith-based purpose. This is an industry with a very clear mission, and a dedicated and faithful base of employees and volunteers.*

Figure 15: Confidence in the religion sector



# Appendix A: Further analysis

## Respondent demographics

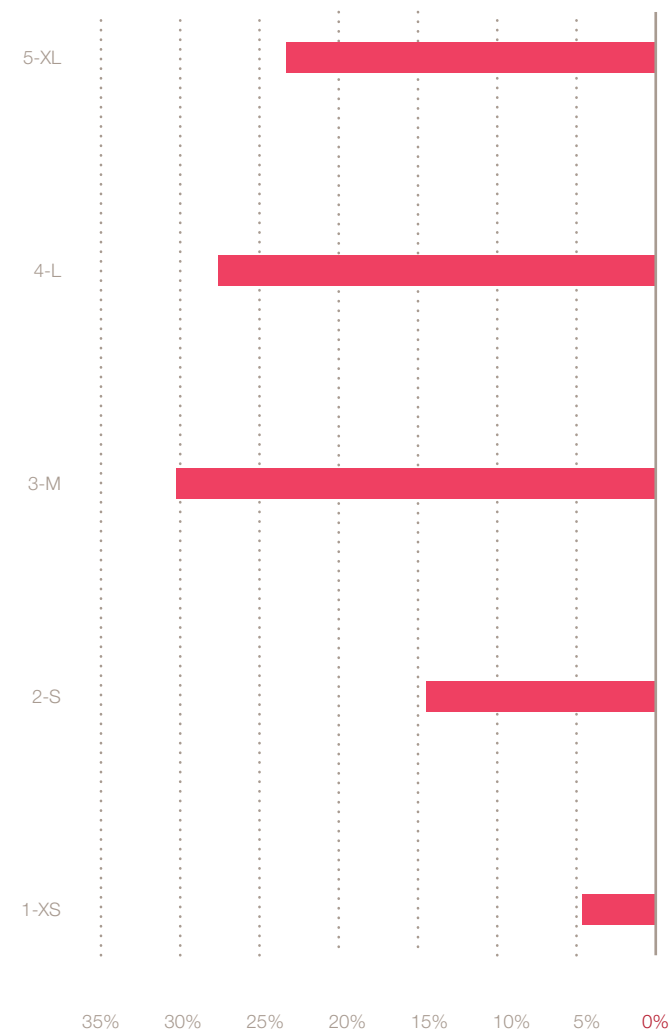
- CSI recruited 305 respondents for wave 3 of the community index survey, with varying numbers across the 10 industries.

Table 5: Respondents by Industry

Industry	Number of respondents	Percentage of respondents	Total revenue (\$m)	Average revenue (\$m)
Culture and Recreation	33	11%	204.1	6.184
Development and Housing	30	10%	525.9	17.529
Education and research	30	10%	359.6	11.985
Environment	32	10%	168	5.248
Health	34	11%	1,925.60	56.635
International	26	9%	1,022.10	39.313
Law and Advocacy	28	9%	101.8	3.634
Philanthropy and Volunteerism	19	6%	63.8	3.355
Religion	23	8%	2,464.40	107.147
Social Services	50	16%	1,981.60	39.632
<b>Total</b>	<b>305</b>	<b>100%</b>	<b>8,816.60</b>	<b>28.907</b>

- The survey was able to get fairly even coverage across industry respondents. Social service organisations had the highest participation rate and Philanthropy and Volunteerism industry had the lowest response rate. The low response rates across some industries limited the comparisons between groups.
- Respondents for Phase 3 were generally medium to large organisations, though this differed by Industry. Culture and recreation organisations were typically smaller respondents while industry such as Health and Social Services had a much higher proportion of larger respondents.

Figure 16: Proportion of respondents by organisation size



- Across the 305 respondents, the large majority were service providers making up 64 per cent of all respondents. Once again this differed across Industries, with Law and Advocacy and Environment Industries having much higher proportions of Advocacy groups while Philanthropy and Volunteerism were predominantly Foundations.
- More than half of the respondents indicated that they operated only in one state, with 27 per cent operating nationally. As expected, those that operated in one state tended to be smaller, while the large and extra-large organisations operated in multiple states or were international organisations.

### *Methodology*

- In 2014 PwC and CSI reviewed the Index survey and confidence methodology, incorporating two years of learning and feedback from consultations with internal and external stakeholders. This review included streamlining and consolidating the Index survey and having a greater strategic focus. These changes limit the comparison between the previous surveys.
- The primary change within the Index methodology involved changing the focus from 'Demand' to the broader concept of 'Social Purpose'. The concept of social purpose and questions capturing the level of need, emerging outcomes and confidence in achieving their organisations social purpose, captures and more accurately represents the range and diversity of services offered by not-for-profit organisation in Australia.



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