



THE UNIVERSITY OF
WESTERN AUSTRALIA

**Chartered Accountants Australia + New Zealand
NFP Committee Meeting**

Value of Queensland's Not-for-profit Sector: Its sustainability and economic contribution

Professor David Gilchrist
Director, Centre for Public Value
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Thank you...

- Tom Emery
- Queensland Council of Social Service
- Queensland Department of Communities, Housing and Digital Economy
- The Sector!



A few things...

- Nature of the data:
 - ACNC 2018 data compared to 2016
 - ABS data too old
 - Queensland Treasury Data
- Who we analysed:
 - Charities headquartered in Queensland
 - Queensland-level industry data (Health Care and Social Assistance)
- What we analysed:
 - Organisations' activities
 - Organisations' beneficiaries
 - Employment data
 - Financial data



Data issues...

- Lag data
- Too aggregate: industry-level data
- Unable to be compared with international or non-charitable organisations due to ACNC categorisation

But:

Data improving

Need:

National data plan and disaggregated statistics



Analytical frame:

- Economic sustainability is placed in the context of purpose
- While data not perfect, change equates to service mix change which, in turn relates to increased risk
- Service users are the shock absorbers of the system

SERVICE MIX



Economic Contribution

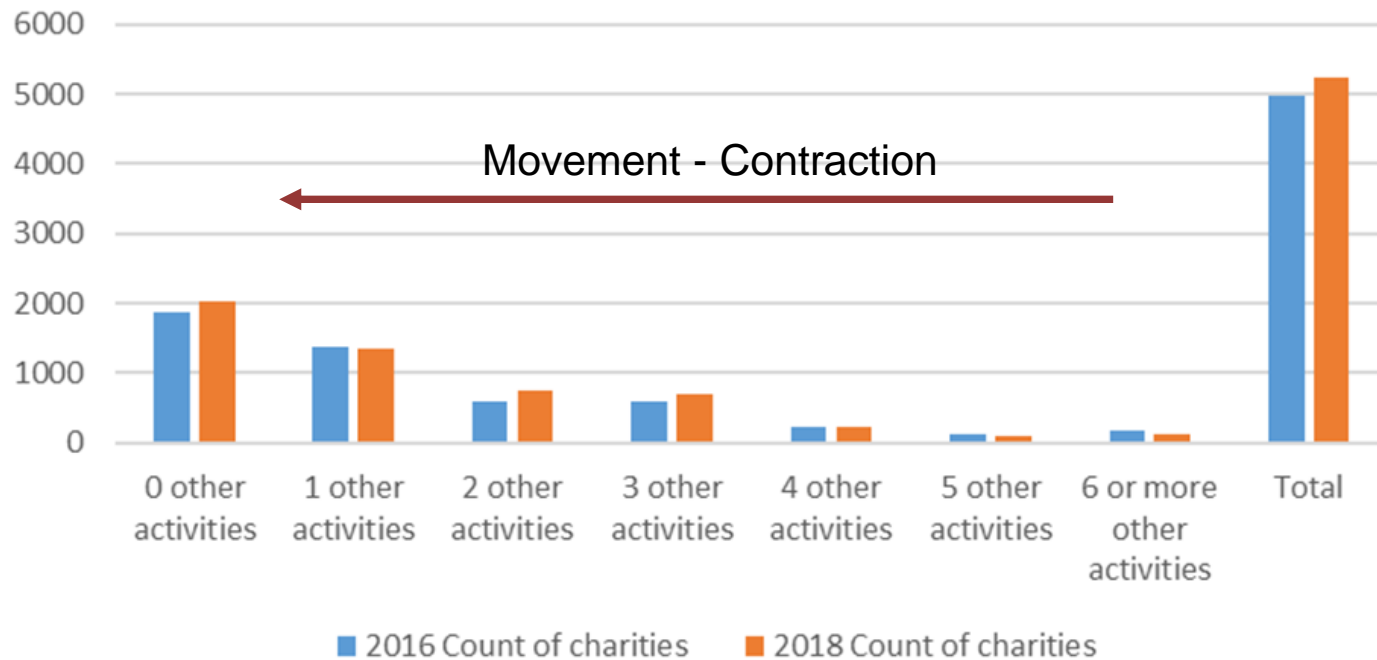
Top Line Industry Group Economic Contribution – Health Care & Social Assistance:

- Generated 8% of GSP in 2016 & 2018
- \$25.6b in 2019
- 2019 – Industry Group contributed the largest growth in employment: Queensland charities employed F/T & P/T 119,281 (118,373); casual 39,037 (37,360)
- Australian charities employed over 1.3m in 2018
- Manufacturing contracted in this period



What do Queensland's charities do?

Figure 2: Count of Other Activities Reported



Key points – charities change

Charities overview:

- Number of charities headquartered in Queensland increased by 5.26% to 5,246 (net growth of 262)
- Slight increase in Not-for-profit associations from 1,596 to 1,620

Small	↑	6.41%
Medium	↓	(1.81%)
Large	↑	7.39%
Very Large	↑	6.12%

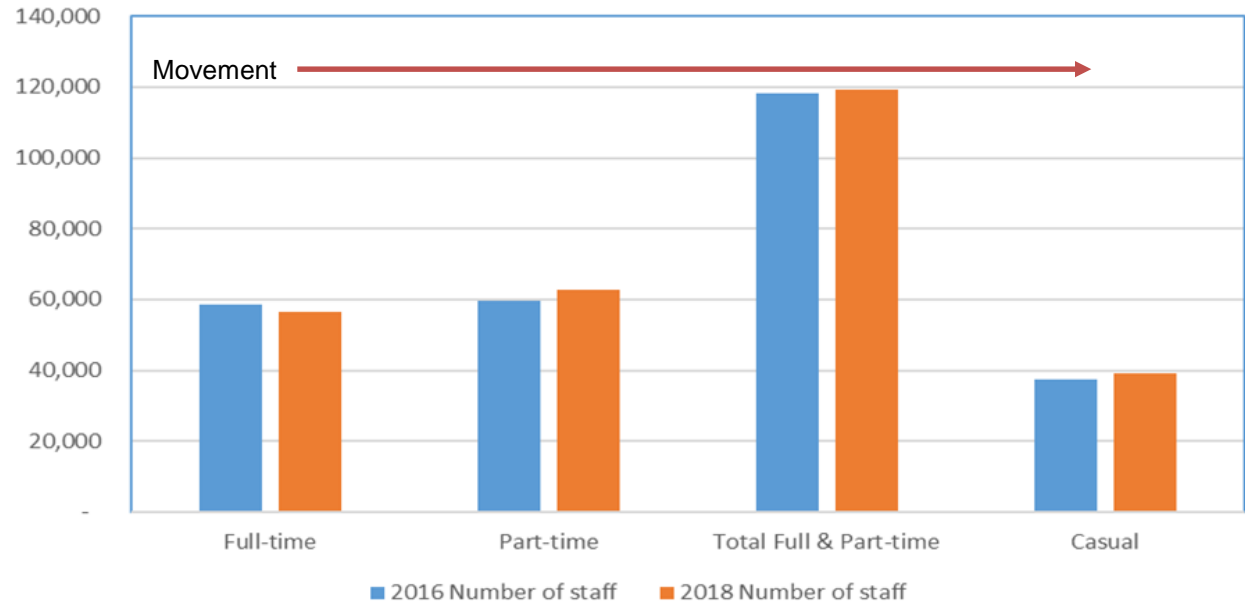
Service mix change →

Wound Up	↓	568
Established	↑	830
Net Movement	↑	262
Net Employment Result	↓	45.6%



Job Quality

Figure 4: Employment Numbers



Full-time	↓	(2,116)	(3.61%)
Part-time	↑	3,024	5.06%
Total Full/Part	↑	908	0.08%
Casual	↑	1,677	4.5%



Volunteers

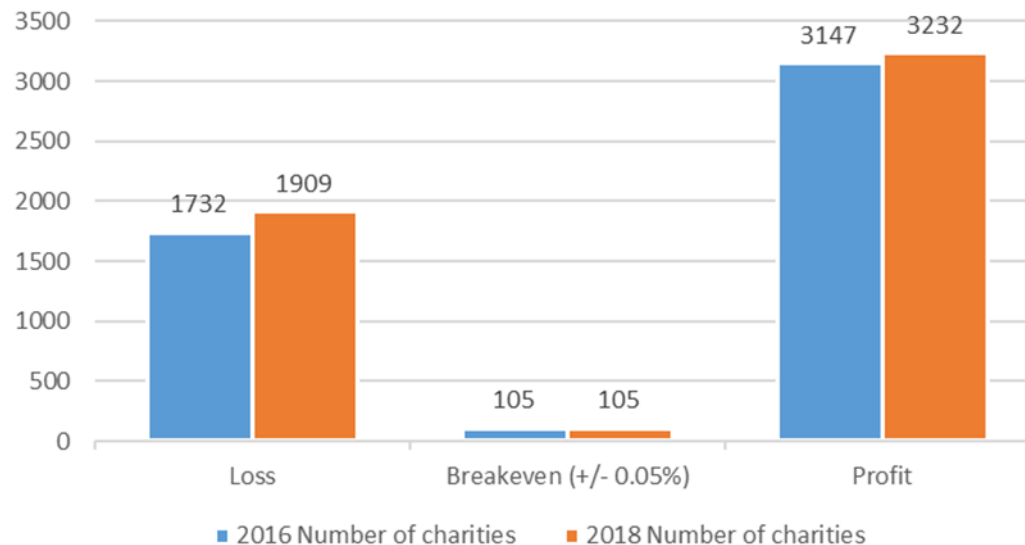
- Hidden resource deployed as part of the comprehensive cost of service delivery
- BUT: volunteering costs!
- Change increases service mix risk
- Drop in volunteers deployed of 12.41% from 369,969 in 2016 to 324,039 in 2018



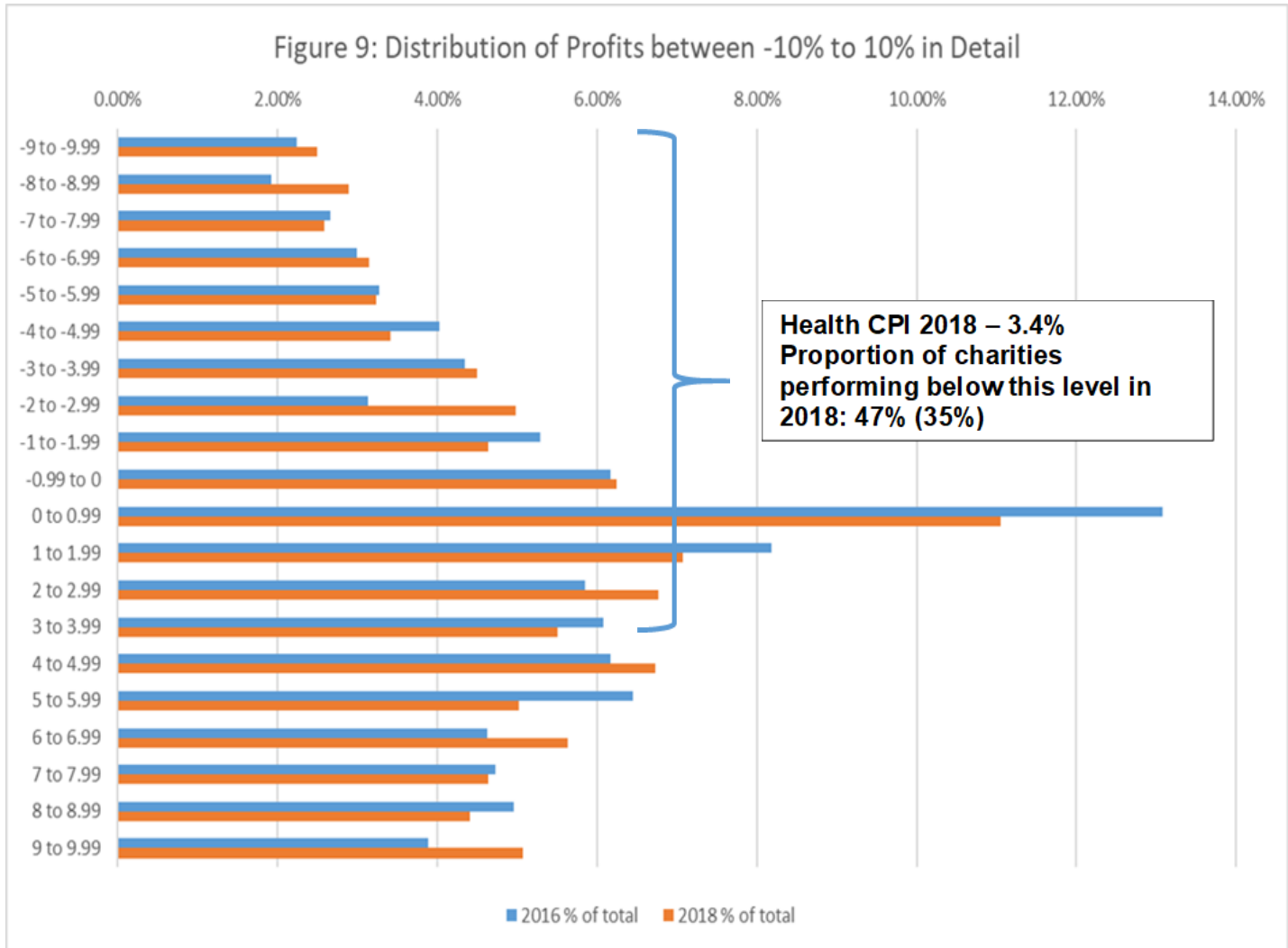
Profitability

- Aggregate income rose by 4.8% (\$16.77b to \$17.57b)
- But it cost Queensland charities \$196m to deliver the additional services
- That is, expenses rose by \$1b while income rose by \$800m (essentially employment expenses)

Figure 7: Sector Profitability

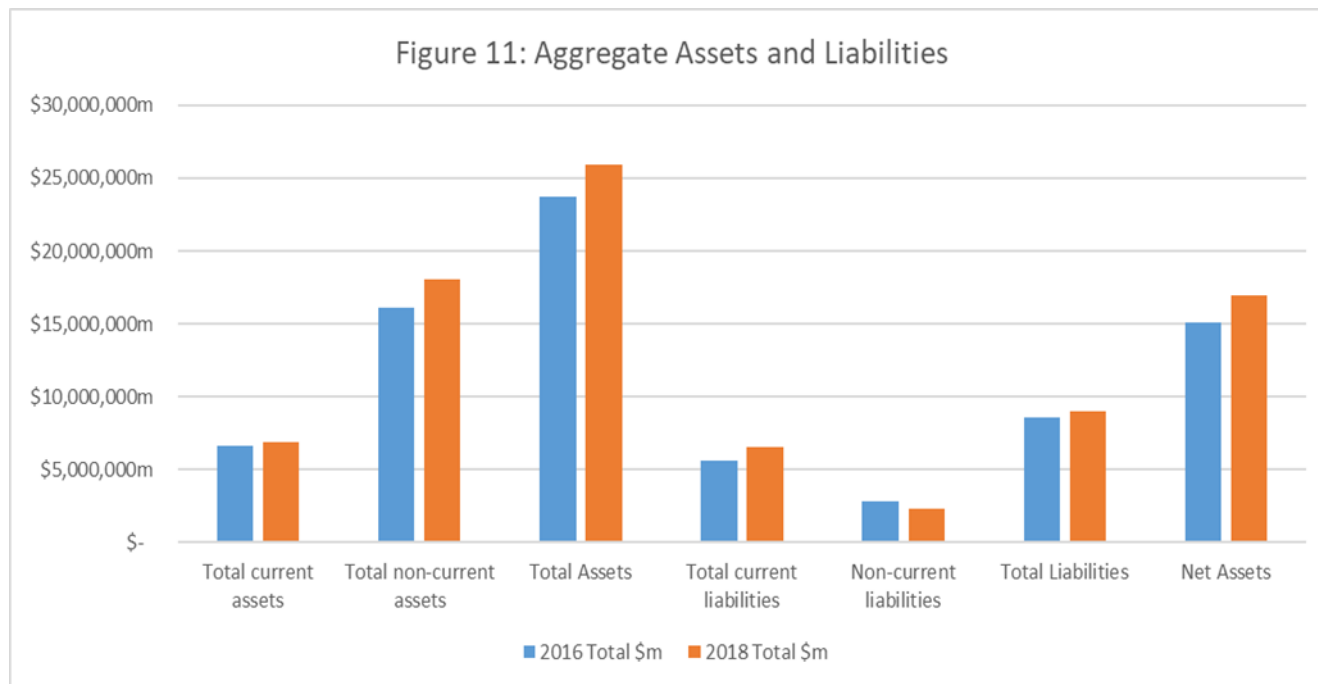


Profitability



Balance sheet

- Net assets rose by 11.8% (\$15.133b to \$16.925b)
- Working capital constraints
- Non-current assets increases may be a result of revaluations



Data Assets

- The data sets available are poor
- Significant policy questions cannot be realistically answered without adequate data
- The changes in cohorts served, service mix and profitability are critical areas that need examination
- Better data and transparency can also support providers and government in better allocation of resources

A data strategy is critical to the successful implementation
of any industry plan

Service users are the shock absorbers for poor policy



Where to from here?



Centre for Public Value Indexation Project

- QCOSS & WACOSS
- Developing an indexation formula for human services
- Comparing that formula with results from current indexation arrangements and ABS indexes such as Health



Australian Nonprofit Accounting Standards Research Program

- 1) AASB and Community Directors
- 2) Focused on proportionate and effective response to transparency and accountability requirements
- 3) Issues to date:
 - Earnings management
 - Decision Usefulness
 - Asset Valuation
 - NFP Audit
 - Going Concern
 - Small Entity Reporting
 - Small Entity Auditing
 - Communications

Contact details

Professor David Gilchrist



david.gilchrist@uwa.edu.au



@Gilchristdj

<http://www.research.uwa.edu.au/not-for-profits-uwa>