

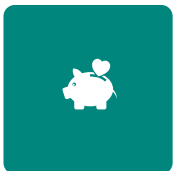
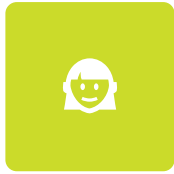


Australian Government



Australian Charities and Not-for-profits Commission

Australian Charities Report 2018



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Foreword

I am pleased to present the Australian Charities Report 2018 — the annual analysis of the charity sector by the Australian Charities and Not-for-profits Commission (ACNC), which documents the contribution of Australian charities to the Australian economy and communities both at home and abroad. This report builds on analysis from previous years and is based on the most current available Australian charity data.

We analysed the 2018 Annual Information Statements of more than 48,000 charities to bring you key statistics that highlight the charity sector's size, diversity and activities. The data shows that charity sector revenue grew by 6.4% in 2018, more than the Australian economy in the same period. The sector generated more than \$155 billion – \$10.5 billion from donations – and employed 10% of the Australian workforce. Despite a drop in net income and an increase in expenses, Australian charities continued to operate at a surplus, supported by substantial assets.

In this report, we also publish information that we anticipate will, over time, help charities, donors and the public better understand the four attributes in the second object of the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)* (the ACNC Act): robust, vibrant, independent and innovative.

A charity's purpose is the reason it has been set up. When we register an organisation as a charity, we also register it with one or more charity 'subtypes'. Subtypes are categories that reflect a charity's charitable purpose, for example 'advancing education' or 'advancing health'. For the first time, we present analysis of charities by subtype as well as size. We have also included a section with details of all charities on the ACNC Charity Register as at 26 February 2020 incorporating information on tax deductibility status, online presence by subtype, and analysis of charities that have reporting obligations to multiple regulators.

Next year, the Charity Marketplace, an ACNC initiative to improve the quality of the information about the programs run by charities, will be implemented through the 2020 Annual Information Statement. Charities will provide information about their programs and activities that will increase the visibility of their work.



Donors and volunteers will be able to find charities that deliver the types of programs they are interested in supporting, and the ACNC will be able to provide greater insights into the work of the charity sector.

This report is the beginning of our efforts to publish information to demonstrate how the charity sector is robust, vibrant, independent and innovative. Over time, we will augment this analysis and identify trends that relate to the second object of the ACNC Act to bolster public trust and confidence in the sector.

If you would like any further information about this report, or ACNC data in general, please contact us at research@acnc.gov.au.

Best wishes

A handwritten signature in black ink, appearing to read 'Gary Johns'.

The Hon Dr Gary Johns
ACNC Commissioner

Key Findings

- In the 2018 reporting year charity revenue grew by over 6%, significantly more than the Australian economy in the same period (1.9%).
- Australia's charities, overall, operated at a surplus, supported by substantial assets.
- Revenue was up by \$9.3 billion, from \$146.1 billion in 2017 to \$155.4 billion in 2018.
- Donations rose to \$10.5 billion, an increase of \$600 million from the previous year.
- The largest charities (0.4% of all charities) reported revenue of over \$100 million.
- Assets increased by \$18.7 billion to \$323 billion.
- Almost half of charity revenue came from Government (47%), and over a third (34%) was generated by providing goods and services (some of which are subsidised by government funding).
- Most charities were small (66%) generating less than \$250,000 in revenue, followed by large (18%) with revenue of over \$1 million, and medium (16%) with revenue of \$250,000 or more but under \$1 million.
- Charities employed more than 1.3 million people.
- Volunteer numbers across Australia's charity sector increased to 3.7 million, up 12% on the previous year's figure of 3.3 million.
- Half of all charities operated without any paid staff.
- Charities spent \$81.1 billion on employee expenses, up 8% on the previous year's figure of \$74.8 billion.
- The most common activities for charities included religious activities, primary and secondary education, grant-making, social services and aged care services.

Analysis by charity size

This report analysed the 2018 Annual Information Statements submitted by more than 48,000 charities. The Annual Information Statement collects a range of information about charities, including their activities, beneficiaries and finances.

The size of Australia's charities

The ACNC Act classifies charities into three different sizes – small, medium and large:

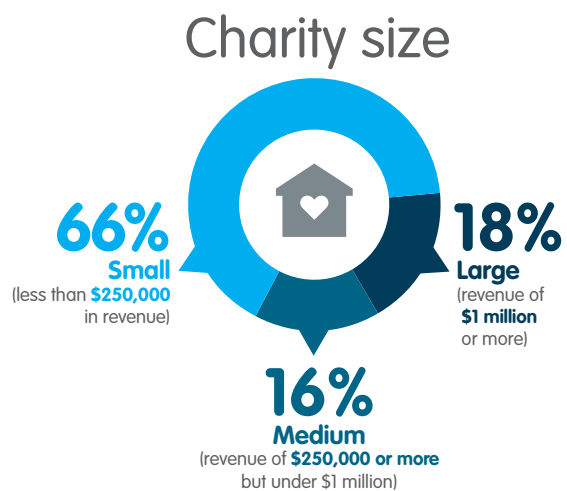
- **Small charities** – annual revenue of under \$250,000
- **Medium charities** – annual revenue of \$250,000 or more but under \$1 million
- **Large charities** – annual revenue of \$1 million or more

A charity's size is based on its total annual revenue for the relevant reporting year. Charities must report their size category in the Annual Information Statement.

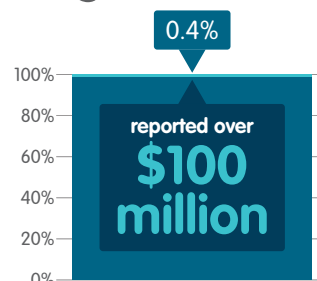
In the 2018 Annual Information Statement, the breakdown of Australia's charities by size remained unchanged from the previous year:

- 66% of charities are small
- 16% of charities are medium
- 18% of charities are large

Australia's charity sector comprises charities of varying sizes – from tiny local community groups to large international aid organisations. Analysis of charity size helps us understand the scale on which they operate and changes in the structure and composition of the sector over time. The size distribution of the charity sector has remained stable since the first Charities Report 2013.



Largest charities



Basic Religious Charities

A Basic Religious Charity (BRC) is a type of religious charity that meets specific requirements set out in the ACNC Act. Basic Religious Charities are not required to answer the financial questions in the Annual Information Statement or submit annual financial reports.

In the 2018 Annual Information Statement, more than 8,600 charities (18% of all charities) reported as a Basic Religious Charity. Of these charities, more than 83% identified as small.

Figure 1: Basic Religious Charities by ACNC charity size

Size	Percentage (%)
Small	83.5
Medium	13.0
Large	3.5

Where Basic Religious Charities voluntarily provided financial information, their data has been included in the detailed financial analysis in this report. More than 8,100 BRCs did not provide financial information in the 2018 Annual Information Statement. This means we were unable to categorise them in one of the six categories, described below, that make up the additional breakdown of charity size according to annual revenue. For Basic Religious Charities that did not report financial information, their size is identified as Size Unknown (BRC) where relevant in this report.

Figure 2: Australian charities by charity size



Size	Total revenue	Percentage (%)
● Extra small	Less than \$50,000	30.4
● Small	\$50,000 or more but less than \$250,000	21.0
● Medium	\$250,000 or more but less than \$1 million	13.9
● Large	\$1 million or more but less than \$10 million	13.4
● Very large	\$10 million or more but less than \$100 million	4.0
● Extra large	\$100 million or more	0.4
● Size unknown (BRC)		16.9

Additional breakdown of charity size

To provide greater insight into Australia’s charity sector, this report offers three additional categories of charity size:

- **Extra small charities** – annual revenue less than \$50,000
- **Very large charities** – annual revenue more than \$10 million but less than \$100 million
- **Extra large charities** – annual revenue more than \$100 million

While some charities had complex operations on a large scale, most of Australia’s charities – 2 in every 3 – were small. Analysis of charity sizes reveals that almost one-third of Australia’s charities were extra small, with annual revenue of less than \$50,000.

Fewer than 14% of charities were considered large with annual revenue greater than \$1 million, and the percentage dropped further as size category increased – 4% of charities were very large and fewer than 1% were extra large.

The table below shows a breakdown of charities according to the six size categories. This breakdown is based on the annual revenue reported in the 2018 Annual Information Statement.

Where do Australia’s charities operate?

Australia’s charities were predominantly based in major cities – state capitals and cities with populations of more than 100,000. Although most charities operated in only one state or territory, 17% operated in more than one jurisdiction, including overseas. Overall, the proportion of charities that operated in multiple locations increased with charity size.

Where are charities located?

A charity’s location is the physical address it provided in the Annual Information Statement. This is most commonly the physical base for the charity – for example, a head office – and may be distinct from the places in which it conducts its activities.

Nearly 70% of charities were located within Australia’s major cities, based on the [Australian Statistical Geography Standard \(ASGS\): Volume 5 – Remoteness Structure](#). The remaining charities were in regional areas, with just over 2% in remote Australia.

Figure 3: Charity location (based on postcode)

Location in Australia	Percentage (%)
Major cities	69.1
Inner regional	19.8
Outer regional	8.8
Remote	1.6
Very remote	0.7

Where do charities operate in Australia?

The 2018 Annual Information Statement revealed a 3% decrease in the number of charities reporting operations in more than one state, territory or country compared to the Australian Charities Report 2017. Where charities operated proportionately correlated with the distribution of the Australian population according to Australian Bureau of Statistics data. However, Queensland had a lower count of charities per head of population than other states or territories.

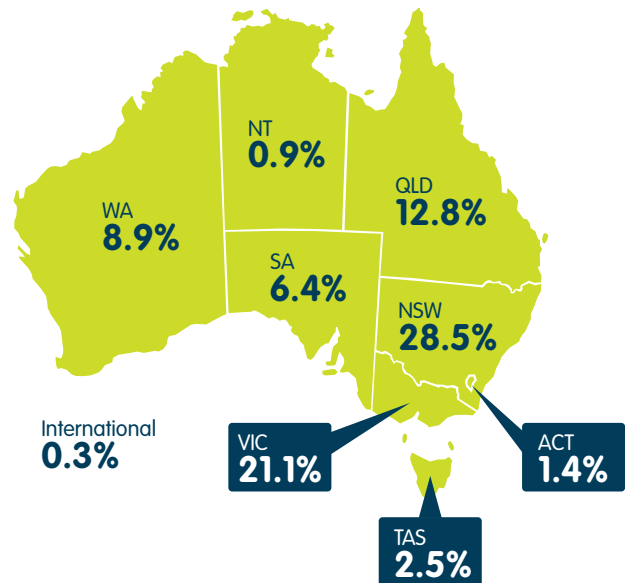


Figure 4: Where charities operate

Jurisdiction	Percentage (%)	Population percentage at 30 September 2019 (%) (ABS)
Only ACT	1.4	1.68
Only NSW	28.5	31.8
Only NT	0.9	0.96
Only QLD	12.8	20.8
Only SA	6.4	6.89
Only TAS	2.5	2.1
Only VIC	21.1	26.03
Only WA	8.9	10.33
Only international	0.3	–
More than one of the above	17.1	–

Charities that operate overseas

Approximately 8% of charities operated overseas. The most common overseas locations for charity operations were India, the Philippines, New Zealand, Indonesia, Cambodia and Papua New Guinea.

This indicated a strong commitment from Australia’s charities to causes and communities in the Asia-Pacific region.

What do Australia’s charities do?

To be registered with the ACNC, a charity must have a charitable purpose. This purpose is the reason a charity was set up. A charity may perform a range of activities to help it achieve its purpose.

The Annual Information Statement asks each charity to select its main activity along with the other activities it conducts from a list based on the International Classification of Non-profit Organisations (ICNPO). ICNPO is a classification system for not-for-profit organisations that groups them into twelve major activity groups, including a catch-all ‘not elsewhere classified’ category.

The information we ask charities about their activities will be expanded in the coming years and will, in future reports, allow us to provide greater insight into the programs that charities run.

In the 2018 reporting year, 98% of charities conducted activities. The small percentage of charities that reported no activities was made up of charities that were still in the planning phase of their establishment and yet to begin activities, winding down, or charities that conducted activities under the name of another charity.

Charities that were not operating at all were excluded from the analysis in this section.

Main Activity

The main activity a charity selects is the one that best reflects most of its work.

Religious activity was the most common main activity, selected by 30% of all charities. The selection of religion as the main activity was strongly associated with charity size. The predominance of religious activities among small charities reflects the large number of small religious organisations – local churches, temples, mosques, synagogues and other places of worship – that are registered as charities.

As charity size increased, the proportion of charities engaging in religious activities decreased.

Education was selected as the second most common main activity overall, with primary and secondary education selected by 48% of charities, other education selected by 44%, and higher education by 8%. With institutions such as universities, and non-government primary and secondary schools being registered as charities, it is not surprising that these activities feature predominantly among larger charities.



Aged care and social services were also among the most common activities of larger charities.

At the other end of the spectrum, the least common main activities were law and legal services, selected by 0.4% of charities, and income support and maintenance selected by 0.5% of charities.

Basic Religious Charities were excluded from the table below as their size is unknown. To be a BRC a charity must be registered with only the charitable subtype of ‘advancing religion’.

Common activities

Religious activities · Primary education
Secondary education



Grant-making · Social services
Aged care services



Figure 5: Common main activities by charity size

Size	Most common activity	Second most common	Third most common
Extra small	Religious (15%)	Grant-making activities (10%)	Social Services (10%)
Small	Religious (25%)	Grant-making activities (9%)	Primary and secondary education (8%)
Medium	Other education (16%)	Religious activities (16%)	Economic, social and community development (8%)
Large	Primary and secondary education (19%)	Social services (11%)	Other education (11%)
Very large	Primary and secondary education (28%)	Social services (11%)	Aged care activities (10%)
Extra large	Higher education (22%)	Aged care activities (19%)	Social services (13%)

Number of activities

Most charities reported conducting multiple activities. On average, charities reported having between two and three activities. This suggests that charities generally focused their resources on a limited number of activities that worked toward their charitable purposes.

By Sector

The International Classification of Not-for-profit organisations (ICNPO) categorises not-for-profit organisations into different sectors.

Of these sectors, religion was the most common for Australia’s charities, with 30% reporting religious activities. Nearly 20% of charities were in the education and research sector, and nearly 11% were in the social services sector.

Figure 6: Average number of activities by charity size

Note: The average number of activities is calculated by the total number of activities reported by charities divided by the number of charities.

Size	Average
Extra small	2.1
Small	2.2
Medium	2.4
Large	2.5
Very large	2.7
Extra large	3.7
Size unknown (BRC)	1.3
Average across all charities	2.1

Figure 7: Classification of activities using the ICNPO



Sector	Percentage (%)
Culture and Recreation	7.4
Development and Housing	8.5
Education and Research	19.7
Environment	3.4
Health	8.6
International	1.2
Law and Advocacy	2.5
Philanthropic Intermediaries and Voluntarism Promotion	7.9
Religion	30.0
Social Services	10.8

Who do Australia’s charities help?

Charities serve the needs of a wide range of people, from specific groups within the community to larger cross sections of the community, and the general public.

The most common main beneficiary group for Australia’s charities in the 2018 Annual Information Statement was ‘the general community in Australia’. Nearly half of all charities reported this as their main beneficiary group (45%), and it featured as the most common across all size categories.

Most Basic Religious Charities reported ‘the general community in Australia’ as their main beneficiary group (86%). This reflects the common practice of religious organisations across Australia to welcome all members of the public to attend services.

Specific beneficiaries

Many charities conduct activities and pursue charitable purposes for specific beneficiary groups.

After ‘the general community in Australia’, the most common specific beneficiary groups reported by charities were children aged 6 to under 15 (11%), other charities (6%) and families (4%).

The least common beneficiary groups reported by Australia’s charities were gay, lesbian, bisexual, transgender or intersex persons (0.2%) and pre/post release offenders and/or their families (0.1%).

Charities that were not operating were excluded from the analysis in this section.

Figure 8: Common beneficiaries by charity size

Size	Most common	Second most common	Third most common
Extra small	General community in Australia (35%)	Children – aged 6 to under 15 (12%)	Other charities (9%)
Small	General community in Australia (42%)	Children – aged 6 to under 15 (11%)	Other charities (7%)
Medium	General community in Australia (38%)	Early childhood – aged under 6 (11%)	Children – aged 6 to under 15 (8%)
Large	General community in Australia (30%)	Children – aged 6 to under 15 (20%)	People with disabilities (7%)
Very large	General community in Australia (35%)	Children – aged 6 to under 15 (23%)	Adults – aged 65 and over (8%)
Extra large	General community in Australia (50%)	Adults – aged 65 and over (15%)	Children – aged 6 to under 15 (11%)
BRC size unknown	General community in Australia (86%)	Families (4%)	Other charities (1%)

Average number of beneficiary groups

Most charities deliver services to a range of beneficiaries. In the Annual Information Statement, charities can also select other beneficiaries that benefit directly from their work.

The number of beneficiary groups increased marginally as the size of charities increased, perhaps reflecting the greater capacity of larger charities to help more groups in the community.

Figure 9: Average number of beneficiary groups by charity size

Note: The average number of beneficiary groups is calculated by the total number of beneficiary groups reported by charities divided by the number of charities.

Size	Average
Extra small	2.6
Small	3.0
Medium	3.3
Large	3.5
Very large	3.8
Extra large	3.6
Size unknown (BRC)	2.5
Average across all charities	3.0



Volunteers and employees in Australia’s charities

Charities account for a significant percentage of the Australian workforce. They employ 1.3 million people and harness the skills of 3.7 million volunteers. The contribution of volunteers to Australia’s charities is significant – nearly half of all charities operate with only volunteer staff.

Employees

The Annual Information Statement asks each charity to provide a snapshot of its employment figures based on its most recent pay period.

In the 2018 reporting year, charities employed 1.31 million people – an increase from the 1.26 million reported in the previous year.

Based on the Australian Bureau of Statistics reporting in June 2019 that Australia had 12.9 million people in employment, the charity sector accounts for approximately 10% of all employees in Australia. This highlights the size and significance of Australia’s charity sector to the Australian economy.

Very large charities were most likely to report full-time staff and small charities were most likely to report casual staff. Medium charities were most likely to report part-time staff.

Figure 11: Proportion of employee types reported by charity size as a percentage

Size	Full-time	Part-time	Casual
Extra small	33.5	38.4	28.1
Small	17.3	40.4	42.3
Medium	20.8	42.0	37.2
Large	31.7	40.3	28.0
Very large	40.7	35.6	23.7
Extra large	38.6	32.4	29.0

Charities employed



Figure 10: Proportion of employee types reported by charities

Employment type	Percentage (%)
Full-time staff	37.2
Part-time staff	35.4
Casual	27.5

Volunteer numbers



Volunteers

Volunteer numbers across Australia’s charities increased to 3.7 million people in the 2018 reporting year, up from 3.3 million in the 2017 reporting year.

It is important to note that this does not necessarily reflect the total number of individual volunteers across Australia because people may volunteer for more than one charity or for not-for-profits that are not registered charities.

Employee and volunteer breakdown by charity size

Of charities that engaged in activities during the 2018 reporting year, half operated without any paid staff – a figure that correlates with the fact that most of Australia’s charities are small.

With the exception of extra large charities, charities of all sizes reported more volunteers than paid staff members.

Smaller charities were more reliant on volunteers to achieve their purposes – for every employee, extra small charities were likely to have 35 volunteers. In comparison, extra large charities had 0.4 volunteers per employee.

Half of all charities



Figure 12: Employee types reported by charities

Note: Charities report employee numbers based on the last pay period. Volunteer numbers are based on the entire year.

Size	Total number of volunteers	Total number of staff	Number of volunteers for each staff member
Extra small	279,331	8,038	34.8
Small	344,625	14,767	23.3
Medium	523,786	44,816	11.7
Large	1,377,971	225,508	6.1
Very large	554,582	436,133	1.3
Extra large	202,634	563,167	0.4
Unknown – BRC	489,251	17,962	27.3
Total	3,772,180	1,310,409	2.9

The financial status of Australia’s charities

The 2018 reporting year saw a significant increase in total revenue, expenses and assets for Australia’s charities.

Australian charities generated more than \$155 billion in revenue – an increase of more than \$9 billion from the previous year – and they held over \$323 billion in assets, an \$18.7 billion increase on the previous year.

This section includes financial information from charities that did not engage in activities but reported financial information, such as newly registered charities that may have received initial start-up funds but were yet to conduct activities.

Income and expenses

Revenue and income

Charities reported revenue of \$155.4 billion in the 2018 reporting year, an increase of \$9.3 billion (6.4%) compared to the previous year. To provide some context, the growth of the Australian economy in the 2018-19 financial year, [as measured by the Australian Bureau of Statistics](#), was 1.9% in chain volume terms.

Economic growth of the sector, generally, remains strong.

The increase in revenue was driven by the largest charities – very large charities generated an additional \$2.3 billion in revenue and extra large charities generated \$6.6 billion more than the previous year. Revenue generated by extra small, small and medium charities remained relatively stable.

The ten largest charities by revenue (including charities that report as part of reporting groups) accounted for 13.6% of the sector’s entire revenue. The 50 largest charities accounted for over a third (34%) of the sector’s entire revenue.

Total income for the sector rose to \$158.5 billion in the 2018 reporting year – up by \$8.6 billion on the previous year’s figure of \$149.9 billion. This increase was driven by very large and extra large charities.

Revenue grew



Figure 13: Total revenue and income by charity size (\$ million)

Note: Revenue forms part of a charity’s income and relates to the funds received by a charity undertaking its ordinary activities. A charity’s total income is made up of its total revenue and other income (funds received that are not part of a charity’s ordinary activities).

Size	Total revenue	Total income
Extra small	219	278
Small	1,285	1,365
Medium	3,512	3,650
Large	21,846	22,744
Very large	51,091	52,071
Extra large	77,490	78,356
Total	155,443	158,464

Expenses

Total expenses in the charity sector rose by \$11.6 billion to \$148.5 billion in the 2018 reporting year. This is a slightly larger increase than the increase reported in revenue (\$9.3 billion) over the same period.

The increase in expenses was reported in charities from medium to extra large in size. Extra large charities had the greatest share, with an increase of more than \$8 billion on the previous year.

For the sector’s smaller charities, expenses fell. Total expenses for extra small charities saw a decrease of \$200 million compared to the previous year. Total expenses for small charities remained relatively stable.

Figure 14: Total expenses by charity size (\$ million)

Size	Total expenses
Extra small	346
Small	1,244
Medium	3,592
Large	20,469
Very large	47,751
Extra large	75,125
Total	148,526

Assets increased
by **\$18.7 billion**
to **\$323 billion**



Net income

Net income is measured by subtracting a charity's total expenses from its total income.

The increase in total expenses led to an overall decrease in the net income for Australia's charity sector, with \$9.9 billion reported in the 2018 reporting year – a drop of more than \$3 billion from the previous year (\$13 billion).

Despite the drop in net income, Australia's charities, overall, continued to operate at a surplus. Although extra small charities spent more than they earned in the 2018 reporting year, they were supported by approximately \$3 billion in total assets.

Figure 15: Net income by charity size (\$ million)

Size	Net income
Extra small	-68
Small	122
Medium	58
Large	2,275
Very large	4,320
Extra large	3,231
Total	9,938

Assets and liabilities

The value of the charity sector's total assets in the 2018 reporting year increased by nearly \$20 billion (18.7%) – from \$304.6 billion in the 2017 reporting year to \$323.3 billion. This increase follows a similar increase of \$19.8 billion recorded in the 2017 reporting year.

The total liabilities in the charity sector increased by approximately 9%, from \$92 billion to \$101.1 billion. This is larger than the \$5 billion increase across the 2016 and 2017 reporting years.

Overall, the increase in assets was greater than the increase in liabilities. The charity sector reported net assets of \$222.2 billion in the 2018 Annual Information Statement, an increase of \$9.6 billion from the previous year.

Extra small charities and medium charities held over six times more assets than liabilities. Although extra small charities operated at a loss in the 2018 reporting year, the net asset position indicates that they are, overall, financially sustainable and their assets are not financed by debt.

Figure 16: Total assets and liabilities by charity size (\$ million)

Note: Assets provide future benefits to a charity and include anything of commercial value that is controlled by a charity – examples of assets include cash and cash equivalents, shares, property, plant and equipment and trademarks. Liabilities are generally defined as what a charity owes. They include anything of commercial value that is owed by a charity – such as bank overdrafts, amounts owed to suppliers/creditors, loans and employee entitlements.

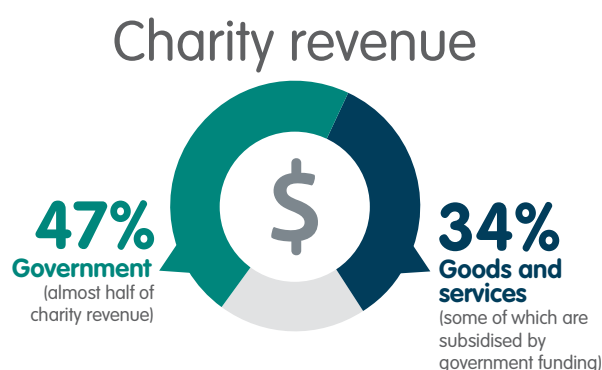
Size	Total assets	Total liabilities	Net assets/ liabilities	Asset ratio
Extra small	2,960	470	2,490	6.3
Small	9,606	2,722	6,884	3.5
Medium	14,139	1,852	12,286	7.6
Large	50,320	11,733	38,587	4.3
Very large	106,633	35,497	71,136	3
Extra large	139,677	48,811	90,866	2.9
Total	323,335	101,086	222,249	

A detailed look at the revenue of Australia’s charities

Charities generate revenue from a range of sources, and this differs according to charity size and purposes. Diversified revenue sources suggest that charities are active in their efforts to create financial stability, mitigate the risks of losing any single sources of money and therefore increase the sustainability of their operations.

Information reported through the Annual Information Statement indicated that large charities were more likely to have diversified revenue sources. This is not surprising as larger charities are also more likely to have the skills, staff and management capacity required to seek out, acquire and manage multiple diverse revenue streams.

Overall, government continues to be a significant revenue stream for charities – nearly half (47%) of the sector’s revenue came from government (including grants). In the 2018 reporting year, charities also generated significant revenue by providing goods and services (34%). Donations accounted for approximately 7% of the sector’s total revenue in the 2018 reporting year.



What revenue sources do charities report to the ACNC?

The revenue sources that a charity must report to the ACNC depend on its charity size.

Figure 17: Revenue reporting requirements based on charity size

Note: Not all charities are required to provide information on revenue from all sources. Revenue from government also includes revenue received under a contract with government to provide specified services.

Revenue source	Extra small and small charities (revenue under \$250,000)	Medium to extra large charities (revenue \$250,000 or more)
Revenue from government (including grants)	Yes	Yes
Revenue from donations and bequests	Yes	Yes
Revenue from goods or services	No — optional	Yes
Revenue from investments	No — optional	Yes
Other revenue	Yes	Yes



Breakdown of charity revenue sources

By revenue sources

Revenue from government increased by \$5.6 billion in the 2018 reporting year and accounted for 60% of the sector's \$9.3 billion increase in total revenue.

Revenue from goods or services also increased from \$47.2 billion to \$53.2 billion, an increase of \$6 billion.

In the 2018 reporting period donations and bequests recovered after a fall in the previous year. Charities reported donations and bequests of \$10.5 billion in 2018. This returned donations and bequests to the same levels reported in 2016 after a decrease of \$600 million reported in 2017.

The 6% increase in reported donations and bequests is greater than the growth rate of the Australian economy (1.9%) for the 2018-19 financial year as reported by the Australian Bureau of Statistics.

Not all revenue sources increased in the 2018 reporting year. Revenue from investments decreased by \$600 million and other revenue decreased by \$2.2 billion.

Note: This section includes financial information from Basic Religious Charities that voluntarily reported finances, as well as charities that did not engage in activities in the 2018 reporting year but reported their finances.

Donations rose



Figure 18: Revenue sources by charity size (\$ million)

Size	Government (including grants)	Donations and bequests	Goods or services	Investments	Other revenue
Extra small	18	83	45	35	37
Small	165	481	301	152	186
Medium	1,008	924	940	294	346
Large	10,309	2,825	6,137	984	1,592
Very large	23,605	4,309	18,388	1,421	3,368
Extra large	38,560	1,879	27,391	1,285	8,374
Total	73,664	10,501	53,202	4,173	13,903

Extra small charities were the least reliant on government for revenue. Government contributed 8% to the total revenue of extra small charities. As charity size increased, however, the percentage of revenue that came from government increased. Large, very large and extra large charities all received nearly 50% of revenue from government sources.

Smaller charities were more reliant on donations and bequests. Donations and bequests contributed 2% to the total revenue of extra large charities, and made up 38% of the total revenue for extra small charities.

Figure 19: Revenue sources as a percentage (%) of total revenue by charity size

Size	Government (including grants)	Donations and bequests	Goods or services	Investments	Other revenue
Extra small	8.1	38.1	20.7	16.2	16.8
Small	12.8	37.5	23.4	11.8	14.5
Medium	28.7	26.3	26.8	8.4	9.9
Large	47.2	12.9	28.1	4.5	7.3
Very large	46.2	8.4	36.0	2.8	6.6
Extra large	49.8	2.4	35.3	1.7	10.8
Average across all charities	47.4	6.8	34.2	2.7	8.9

Revenue sources reported by charities

There was a large variation by charity size in government revenue as a reported revenue source. Approximately 14% of extra small charities reported receiving revenue from government, whereas 93% of extra large charities reported receiving revenue from government.

On average, two-thirds of all charities reported receiving revenue from donations or bequests. When broken down into charity sizes, a clear difference emerged.

Just over half (55%) of extra small charities reported receiving revenue from donations and bequests. In the small to very large charities group, between 71% and 72% reported receiving revenue from donations and bequests, but the percentage reporting revenue from donations and bequests increased significantly for extra large charities (80%).

The larger the charity, the more likely it was to receive revenue from multiple sources. This likely reflects a greater capacity within larger charities to acquire and manage multiple funding streams.

Figure 20: Percentage (%) of charities that reported revenue from each source

Note: Figures do not total to 100%.

Size	Government (including grants)	Donations and bequests	Goods or services	Investments	Other revenue
Extra small	13.9	55.4	30.3	41.0	38.3
Small	26.6	72.1	47.8	53.5	53.3
Medium	51.4	71.5	64.6	68.3	61.5
Large	71.4	71.7	77.6	78.4	75.5
Very large	86.6	71.2	85.1	84.0	82.6
Extra large	93.4	80.1	87.3	87.8	91.7
Average	36.5	65.8	51	57.1	54.4

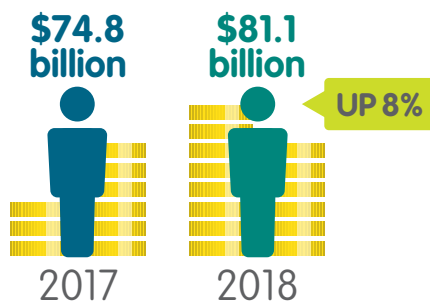
What do Australia’s charities spend their money on?

Charities must use their funds to further their charitable purposes.

Charities are a significant employer in Australia and nearly half reported revenue from the provision of goods and services.

The charity sector reported spending over \$81 billion on employee expenses, and approximately \$7 billion on providing grants and donations in the 2018 reporting year.

Employee expenses



What types of expenses do charities report?

The expenses that a charity must report to the ACNC are based on its size.

Figure 21: Expense reporting requirements

Note: Not all charities are required to provide this information in the Annual Information Statement.

Expense	Extra small to medium charities (revenue less than \$1 million)	Large to extra large charities (revenue of \$1 million or more)
Employee expenses	Yes	Yes
Interest expenses	No	Yes
Grants and donations within Australia	Yes	Yes
Grants and donations outside Australia	Yes	Yes
Other expenses	Yes	Yes

Grants and donations

Charities such as some ancillary funds and trusts are established primarily to deliver structured philanthropy and focus solely on the distribution of grants and donations to other charities and charitable causes. For others, the distribution of grants and donations is only one element of their operations.

The total amount distributed as grants and donations increased by approximately \$700 million in the 2018 reporting year compared to the Australian Charities Report 2017.

Most charities that distributed grants and donations did so within Australia, with 21% reporting that they distributed grants and donations overseas.

Charities spent \$5.6 billion providing grants and donations within Australia in the 2018 reporting year, a significant increase (17%) on the previous year (\$4.8 billion). This increase came after the amount had shrunk marginally from 2016 to 2017.

Despite the fluctuations in grants and donations within Australia, charities’ distribution of grants and donations outside Australia remained relatively stable.

Figure 22: Grants and donations by charity size (\$ million)

Size	Within Australia	Outside Australia
Extra small	92	18
Small	241	46
Medium	385	84
Large	1,237	327
Very large	1,790	665
Extra large	1,895	368
Total	5,640	1,509

Employee expenses

Charities spent \$81.1 billion on employee expenses, up 8% on the previous year's figure of \$74.8 billion.

This increase may be explained by the reported increase in charity sector employees – approximately 50,000 more than in the 2017 reporting year.

Figure 23: Employee expenses by charity size (\$ million)

Size	Employee expenses
Extra small	29
Small	301
Medium	1,419
Large	11,196
Very large	26,910
Extra large	41,221
Total	81,075

Breakdown

Overall, employee expenses accounted for 55% of total charity expenses. Charity size correlated with the proportion of expenses spent on employees. Extra small charities reported 8% of expenses going to employee costs, whereas the three large categories all reported more than 50% of expenses going to employee costs.

This is not surprising given small charities were more likely to operate with volunteers only. Large to extra large charities were more likely to employ staff and reported more revenue from goods and services than small charities, a revenue stream that requires human resources to deliver.

Figure 25: Charity expenses by charity size (%)

Note: The average is based on the category of expenses for all charities divided by total expenses for all charities.

Size	Employee expenses	Interest expenses	Grants and donations within Australia	Grants and donations outside Australia	Other expenses
Extra small	8.3	–	26.7	5.1	59.9
Small	24.2	–	19.4	3.7	52.7
Medium	39.5	–	10.7	2.4	47.4
Large	54.7	0.7	6.0	1.6	36.9
Very large	56.4	0.7	3.7	1.4	37.8
Extra large	54.9	0.6	2.5	0.5	41.5
Average	54.6	0.7	3.8	1.0	39.9

Interest and other expenses

Interest expenses captures interest paid by charities on any money they have borrowed. Only large charities are required to report on interest expenses. 'Other expenses' includes all expenses, other than employee expenses, grants and donations made in and outside Australia, and interest expenses for small and medium charities.

Other expenses may include essential expenses such as rent, insurance, bank charges, consultancy fees, cost of goods sold, equipment hire, depreciation, fundraising expenses, utilities and other administration. It accounted for over \$59 billion in expenditure in the 2018 reporting year.

Figure 24: Other expenses by charity size (\$ million)

Size	Interest expenses	Other expenses
Extra small	–	207
Small	–	656
Medium	–	1,704
Large	149	7,559
Very large	353	18,033
Extra large	480	31,161
Total	982	59,320

Charity subtypes

The diversity of the Australian charity sector is reflected in the range of charity subtypes (a charity category for the purposes of registration) recognised by the ACNC Act. These subtypes reflect the purpose(s) of a charity.

Analysis of charity subtypes provides insights into the charity sector from another viewpoint. It allows us to examine charities in smaller subsectors that are grouped according to purposes. This provides an opportunity to learn more about the composition of these subsectors, the financial patterns within them, and how they compare with other subsectors.

The ACNC Act sets out 14 charity subtypes. These include the 12 charitable purposes as set out in the *Charities Act 2013* (Cth), as well as the categories of Public Benevolent Institution and Health Promotion Charity (which both have their own deductible gift recipient (DGR) category).



Charities can be registered with multiple subtypes or can choose to not be registered with any subtype.

In addition to the 14 charity subtypes, our analysis includes two extra categories:

- charities registered with more than one subtype (for example, a charity with two subtypes would be included in this category, rather than in the two categories of its two subtypes).
- charities with no registered subtype.

Note: Revenue data for charities that report as a group was excluded from this data as they do not have a subtype.

Figure 26: Subtype categories used in this report

Subtype	Abbreviation	Examples of charities that could be registered with the subtype
Advancing health	HEA	Hospitals, medical research institutions, support groups for people with particular illnesses or diseases
Advancing education	EDU	Kindergartens, schools, universities, industry training organisations
Advancing social or public welfare	SPW	Support groups for people living with particular disabilities, residential aged care facilities
Advancing religion	REL	Religious congregations
Advancing culture	CUL	Theatre groups, orchestras, charities that promote Australian Indigenous culture and customs
Promoting reconciliation, mutual respect and tolerance between groups of individuals that are in Australia	REC	Charities that are focused on eliminating discrimination and promoting equality
Promoting or protecting human rights	PHR	Human rights advocacy groups
Advancing the security or safety of Australia or the Australian public	SEC	Charities that look after the welfare of the armed forces, including the dependants of injured or deceased veterans
Preventing or relieving the suffering of animals	ANI	Animal refuges and shelters
Advancing the natural environment	ENV	Charities that preserve native flora and fauna or the natural environment
Any other purpose beneficial to the public, analogous to, or within the spirit of, any of the purposes above	OTH	This subtype applies if a charity's charitable purpose does not fall into one of the other subtypes. Some charitable trusts are registered with this subtype
Promoting or opposing change to a matter of law, policy or practice in relation to any of the purposes above	POL	Education or research institutes that publish papers outlining positions on public policy
Public Benevolent Institution	PBI	Providers of low-cost rental or subsidised housing for people in need, some disability support services
Health Promotion Charity	HPC	Charities that work to raise awareness of human diseases
Charities with more than one registered subtype	MULT	Religious schools, support groups, PBIs that also advance social or public welfare, charities that provide education on health issues, hospitals
Charities with no registered subtype	NST	Philanthropic trusts

Charity subtypes

Average number of subtypes

On average, charities that submitted the 2018 Annual Information Statement were registered with 1.2 subtypes. There was a correlation between charity size and the average number of subtypes.

The larger the charity, the more likely it was to have multiple subtypes. This is not surprising as larger charities often have more than one charitable purpose.

Breakdown of subtypes

The most common subtype charities reported was advancing religion (27% of all charities). Given that the most common main activity reported by charities was also religion, this is unsurprising.

Nearly one quarter (23%) of charities were registered with more than one subtype.

Basic Religious Charities that did not provide financial information were not included in the subtype analysis.

Figure 27: Average number of subtypes by charity size

Note: To be classified as a Basic Religious Charity (BRC), a charity can only have a single subtype of advancing religion. A charity eligible to be registered with more than the single subtype of advancing religion cannot be a BRC.

Size	Average number of subtypes
Extra small	1.2
Small	1.2
Medium	1.3
Large	1.6
Very large	1.6
Extra large	1.6
N/A - BRC	1
Average	1.2

Figure 28: Number of charities registered by subtype and charity size

Subtype category	Extra small	Small	Medium	Large	Very large	Extra large	Total
HEA	327	176	77	71	16	4	671
EDU	2,104	1,397	1,197	1,058	454	46	6,256
SPW	684	361	225	133	12	–	1,415
REL	1776	2215	926	354	44	5	5,320
CUL	544	318	193	130	23	–	1,208
REC	22	15	10	–	–	–	47
PHR	19	8	4	4	1	–	36
SEC	95	27	10	11	–	–	143
ANI	229	176	38	20	10	–	473
ENV	274	140	93	76	14	–	597
OTH	1566	935	528	335	64	6	3,434
POL	13	2	4	5	–	–	24
PBI	699	562	626	930	305	24	3,146
HPC	162	88	79	87	38	1	455
MULT	3,445	2,259	1,812	2,744	795	54	11,109
NST	2,714	1,463	837	453	83	4	5,554

Revenue breakdown by subtype

Charities registered with multiple subtypes generated the most revenue, at nearly \$50 billion. This was closely followed by charities registered with the subtype of advancing education at \$47.7 billion.

As nearly 20% of charities are in the education and research sector, and the advancing education subtype comprises many of Australia's largest higher education institutions and non-government schools, the high level of revenue was expected.

Figure 29: Revenue sources by subtype (\$ million)

Note: Revenue data for charities that report as a group was excluded from this data as they do not have a subtype.

Subtype category	Government (including grants)	Donations and bequests	Goods or services	Investments	Other revenue	Total revenue
HEA	187	181	1,555	91	203	2,218
EDU	22,558	843	17,876	852	5,595	47,724
SPW	200	102	320	64	73	759
REL	1,022	1,206	959	326	509	4,022
CUL	341	137	527	29	92	1,126
REC	3	1	2	0.1	0.1	6
PHR	10	29	1	1	2	43
SEC	8	6	17	4	9	43
ANI	13	174	131	9	23	349
ENV	195	148	112	15	61	531
OTH	367	945	2,669	500	756	5,237
POL	5	14	5	2	1	26
PBI	10,075	829	4,232	312	831	16,278
HPC	820	266	317	54	103	1,560
MULT	27,179	3,410	14,747	937	3,407	49,681
NST	1,188	935	1,525	534	319	4,502

Summary by subtype

The following breakdown provides the revenue sources for each charity subtype category.

The significant differences found across charity subtypes emphasises the diversity of charity operations across the sector. It also reflects to some degree which subtypes charities choose to be registered with and whether they choose a single subtype, multiple subtypes, or no subtype.

Some charity subtypes are typically in receipt of more government funds than others, and some rely more heavily on donations and bequests for revenue.

Overall, charities registered with a subtype of promoting or protecting human rights (PHR) were most reliant on donations and bequests to generate revenue, and Public Benevolent Institutions (PBI), which often deliver essential services via agreements with government, were most reliant on revenue from government.

Advancing Health (HEA)

Charities with a single subtype of advancing health (671 in total) can include hospitals, and community and mental health services, some aged care services, medical research institutions, and support groups for people with specific illnesses or diseases – many of which are large charities providing direct services.

Charities advancing health generate 70% of revenue by providing goods and services, the highest across all charity subtypes. This figure increased to 90% when isolated to the extra large charities registered as advancing health. Within this subtype, very large charities received the most revenue from government (22%), but this percentage dropped to nearly zero for extra large charities.

Investments were a significant source of revenue for charities at the smaller end of the size scale.

Figure 30: Revenue sources of charities with single subtype HEA by charity size (%)

Note: The subtype average for each revenue source was calculated as the revenue for that source divided by the total revenue for the subtype.

Size	Government (including grants)	Donations and bequests	Goods or services	Investments	Other revenue
Extra small	6.2	25.5	17.4	34.6	16.3
Small	10.0	25.2	15.6	32.7	16.6
Medium	7.7	26.7	27.8	27.1	10.7
Large	18.4	25.0	31.8	16.0	8.8
Very large	22.0	17.0	44.0	5.4	11.7
Extra large	0.3	0.0	91.8	0.1	7.9
Subtype average	8.4	8.2	70.1	4.1	9.2

Advancing education (EDU)

Charities with a single subtype of advancing education (6,256 in total) can include universities, schools, kindergartens, and industry training organisations.

Nearly half of all charities registered as advancing education received revenue from government. With many large universities and schools making up this subtype, revenue from government is consistently high.

The nature of the many charities that comprise this subtype means that there is less reliance on revenue from donations and bequests – in fact, the least of all subtypes.

Figure 31: Revenue sources of charities with single subtype EDU by charity size (%)

Note: The subtype average for each revenue source was calculated as the revenue for that source divided by the total revenue for the subtype.

Size	Government (including grants)	Donations and bequests	Goods or services	Investments	Other revenue
Extra small	6.3	26.2	33.2	13.3	20.9
Small	13.6	19.0	43.0	8.6	15.8
Medium	39.8	11.2	37.1	5.2	6.8
Large	47.7	5.3	37.4	2.8	6.6
Very large	35.5	1.8	55.8	1.5	5.4
Extra large	52.2	1.0	30.3	1.6	14.9
Subtype average	47.3	1.8	37.5	1.8	11.7

Advancing social or public welfare (SPW)

Charities with a single subtype of advancing social and public welfare (1,415 in total) can include a diverse range of charities such as support groups for people living with disabilities, residential aged care facilities, some housing services, and some ethnic community services.

Overall, providing goods and services accounted for 42% of revenue for charities with this subtype. Our analysis found that the proportion of revenue from goods and services increased with the size of a charity.

Figure 32: Revenue sources of charities with single subtype SPW by charity size (%)

Note: The subtype average for each revenue source was calculated as the revenue for that source divided by the total revenue for the subtype.

Size	Government (including grants)	Donations and bequests	Goods or services	Investments	Other revenue
Extra small	9.2	34.7	19.2	17.9	18.9
Small	19.4	23.5	25.3	12.6	19.1
Medium	29.3	18.3	34.4	10.8	7.2
Large	22.9	21.2	38.6	11.4	6.0
Very large	30.8	0.0	52.9	3.1	13.2
Extra large	–	–	–	–	–
Subtype average	26.3	13.5	42.1	8.5	9.7

Advancing religion (REL)

Charities with a single subtype of advancing religion (5,320 in total) were predominantly religious congregations.

Smaller charities with a single subtype of advancing religion were more reliant on receiving donations and bequests from the community for revenue. Government funds made up negligible amounts for smaller charities.

However, this trend changed for the largest charities registered with advancing religion. Larger charities included denominational bodies that represent non-government schools and receive government grants that are subsequently distributed to individual schools.

Figure 33: Revenue sources of charities with single subtype REL by charity size (%)

Note: The subtype average for each revenue source was calculated as the revenue for that source divided by the total revenue for the subtype.

Size	Government (including grants)	Donations and bequests	Goods or services	Investments	Other revenue
Extra small	1.5	66.3	10.7	6.9	14.7
Small	2.1	68.9	11.2	4.5	13.3
Medium	2.5	65.2	15.2	4.3	12.8
Large	7.9	45.3	23.4	7.9	15.5
Very large	13.0	28.1	21.3	14.2	23.4
Extra large	59.0	0.1	31.7	6.1	3.1
Subtype average	25.4	30.0	23.8	8.1	12.7

Advancing culture (CUL)

Charities with a single subtype of advancing culture (1,208 in total) can include theatre groups, orchestras, music festivals, community radio stations, historical societies, some museums and charities that promote Australian Indigenous or ethnic specific culture and customs.

Charities of all sizes were most reliant on revenue from providing goods and services.

Donations and bequests were relatively consistent across all sizes. However, there was a slight decrease as charities' sizes increased.

Figure 34: Revenue sources of charities with single subtype CUL by charity size (%)

Note: The subtype average for each revenue source was calculated as the revenue for that source divided by the total revenue for the subtype.

Size	Government (including grants)	Donations and bequests	Goods or services	Investments	Other revenue
Extra small	13.0	19.8	39.5	7.1	20.6
Small	22.6	18.6	36.2	7.8	14.8
Medium	35.6	17.2	35.6	4.6	7.0
Large	32.2	14.1	41.1	3.6	9.1
Very large	28.6	9.1	54.4	0.9	7.0
Extra large	–	–	–	–	–
Subtype average	30.3	12.2	46.8	2.6	8.2

Promoting reconciliation, mutual respect and tolerance between groups of individuals that are in Australia (REC)

Charities with a single subtype of promoting reconciliation, mutual respect and tolerance between groups of individuals that are in Australia (47 in total) focus on eliminating discrimination and promoting equality. There were only small and medium sized charities registered with a single subtype REC. The medium sized charities with this subtype were reliant on government for a significant proportion of revenue.

At the smallest end of the scale, charities with this subtype relied on donations and bequests for approximately half of their revenue. Goods and services increased as a revenue source as size increased, suggesting charities devoted more resources to expanded operations as they grew.

Figure 35: Revenue sources of charities with single subtype REC by charity size (%)

Note: The subtype average for each revenue source was calculated as the revenue for that source divided by the total revenue for the subtype. Due to the low number of charities registered with this subtype, the average revenue sources (%) have been skewed by outliers.

Size	Government (including grants)	Donations and bequests	Goods or services	Investments	Other revenue
Extra small	25.2	49.3	14.5	0.5	10.5
Small	20.1	36.0	21.2	4.4	18.3
Medium	58.2	7.5	30.3	0.3	3.7
Large	–	–	–	–	–
Very large	–	–	–	–	–
Extra large	–	–	–	–	–
Subtype average	46.5	16.9	27.2	1.4	8.0



Promoting or protecting human rights (PHR)

Charities with the single subtype of promoting or protecting human rights were primarily human rights advocacy groups (36 in total). This group was the most reliant on donations and bequests (68%) for revenue compared to other subtype groups. Charities with this subtype reported the least revenue from providing goods or services. This reflects the primary focus of these groups on the provision of low cost or free advocacy services rather than fee-for-service activities.

Figure 36: Revenue sources of charities with single subtype PHR by charity size (%)

Note: The subtype average for each revenue source was calculated as the revenue for that source divided by the total revenue for the subtype.

Size	Government (including grants)	Donations and bequests	Goods or services	Investments	Other revenue
Extra small	30.8	39.3	11.1	0.8	18.0
Small	28.9	14.4	14.7	6.0	36.1
Medium	35.3	2.8	23.2	25.9	13.0
Large	59.9	26.9	1.2	1.4	10.5
Very large	0.0	99.0	0.0	0.1	0.9
Extra large	–	–	–	–	–
Subtype average	22.8	68.0	1.8	1.9	5.5

Advancing the security or safety of Australia or the Australian public (SEC)

Charities with the single subtype of advancing the security or safety of Australia or the Australian public (143 in total) were dominated by charities that look after the welfare of the armed forces, including the dependants of injured or deceased veterans. Other types of charities that may fall into this group include Neighbourhood Watch charities and some surf-lifesaving charities.

There were no very large or extra large charities registered with this single subtype. The largest charities received more revenue from provision of goods and services than the smaller charities. The smallest charities with this subtype relied on government, and donations and bequests for most of their revenue.

Figure 37: Revenue sources of charities with single subtype SEC by charity size (%)

Note: The subtype average for each revenue source was calculated as the revenue for that source divided by the total revenue for the subtype. Due to the low number of charities registered with this subtype, the average revenue sources (%) have been skewed by outliers.

Size	Government (including grants)	Donations and bequests	Goods or services	Investments	Other revenue
Extra small	32.9	24.5	18.3	4.7	19.6
Small	26.8	10.0	24.4	16.5	22.3
Medium	31.3	18.9	29.4	6.9	13.5
Large	15.4	12.7	43.0	7.8	21.2
Very large	–	–	–	–	–
Extra large	–	–	–	–	–
Subtype average	18.5	13.5	39.4	8.2	20.4



Preventing or relieving the suffering of animals (ANI)

Charities with a single subtype of preventing or relieving the suffering of animals (473 in total) such as animal refuges and shelters reported negligible revenue from government. The average government revenue for this subtype group (3.6%) was the lowest of all subtype groups.

Overwhelmingly, charities with this subtype relied on donations and bequests as well as providing goods and services for revenue. These two sources accounted for nearly 90% of revenue in total. This pattern was relatively consistent across charities of all sizes.

Figure 38: Revenue sources of charities with single subtype ANI by charity size (%)

Note: The subtype average for each revenue source was calculated as the revenue for that source divided by the total revenue for the subtype.

Size	Government (including grants)	Donations and bequests	Goods or services	Investments	Other revenue
Extra small	3.6	52.2	26.0	6.5	11.8
Small	1.9	45.7	33.8	5.9	12.8
Medium	2.6	52.1	34.0	5.3	6.0
Large	4.7	45.8	39.4	2.4	7.8
Very large	3.5	51.0	37.7	2.2	5.6
Extra large	–	–	–	–	–
Subtype average	3.6	49.8	37.5	2.7	6.5

Advancing the natural environment (ENV)

Charities with the single subtype advancing the natural environment (597 in total) focus on the preservation of flora and fauna or environmental conservation and may include land care groups, wildlife protection groups, trusts established to preserve or restore the natural environment and waste minimisation charities.

Government was the greatest source of revenue for charities with the single subtype of advancing the natural environment. Donations and bequests also provided a significant amount of revenue, as did providing goods and services. Charities with this subtype had a relatively even spread of revenue across sources.

Figure 39: Revenue sources of charities with single subtype ENV by charity size (%)

Note: The subtype average for each revenue source was calculated as the revenue for that source divided by the total revenue for the subtype.

Size	Government (including grants)	Donations and bequests	Goods or services	Investments	Other revenue
Extra small	28.7	31.2	16.3	8.7	15.2
Small	37.7	23.0	25.9	4.9	8.5
Medium	36.4	19.2	30.4	3.0	11.0
Large	39.3	26.6	23.0	4.2	6.9
Very large	34.0	31.5	16.9	0.9	16.6
Extra large	–	–	–	–	–
Subtype average	36.7	27.9	21.2	2.7	11.5

Any other purpose beneficial to the public, analogous to, or within the spirit of, any of the purposes above (OTH)

Many of the charities with the single subtype of any other purpose beneficial to the public (3,434 in total) are charitable trusts. This subtype group comprises charities that have a charitable purpose that does not fit within any of the other established subtypes. Over half of the revenue generated for charities with this subtype was from the provision of goods and services.

Revenue from investments decreased as charity size increased – the smallest charities reported 55% of revenue from investments and the extra large charities reported 1.5%.

Figure 40: Revenue sources of charities with single subtype OTH by charity size (%)

Note: The subtype average for each revenue source was calculated as the revenue for that source divided by the total revenue for the subtype.

Size	Government (including grants)	Donations and bequests	Goods or services	Investments	Other revenue
Extra small	5.1	14.8	8.7	55.1	16.3
Small	8.7	22.8	12.6	45.9	10.0
Medium	12.0	30.2	20.5	27.5	9.8
Large	9.1	33.8	26.7	21.5	8.9
Very large	9.8	31.7	44.4	7.7	6.4
Extra large	3.5	0.0	71.7	1.5	23.3
Subtype average	7.0	18.0	51.0	9.6	14.4

Promoting or opposing change to a matter of law, policy or practice in relation to any of the purposes above (POL)

Charities with the single subtype promoting or opposing change to a matter of law, policy or practice (24 in total) can include research institutes that publish papers outlining positions on public policy.

Interestingly, the dominant revenue source for charities with this subtype differed for each charity size group. The absence of a pattern may be explained by the small number of charities registered with only this subtype.

Figure 41: Revenue sources of charities with single subtype POL by charity size (%)

Note: The subtype average for each revenue source was calculated as the revenue for that source divided by the total revenue for the subtype.

Size	Government (including grants)	Donations and bequests	Goods or services	Investments	Other revenue
Extra small	13.6	15.1	43.6	18.3	9.4
Small	100.0	0.0	0.0	0.0	0.0
Medium	28.3	2.4	11.7	55.3	2.2
Large	15.6	62.1	18.8	1.5	2.0
Very large	–	–	–	–	–
Extra large	–	–	–	–	–
Subtype average	18.2	54.5	17.9	7.5	2.0

Public Benevolent Institution (PBI)

Charities with the single subtype public benevolent institution (3,146 in total) have a sole purpose of benevolent relief, and that relief is provided to people in need, including those working for the relief of poverty or distress. Examples include some hospitals and hospices, disability support services and some aged care providers.

PBIs with only one subtype were, of all the single subtype groups, most reliant on government for revenue. This may be explained by the greater availability of government funding for the work of PBIs. Overall, 5% of revenue came from donations and bequests, but this is heavily skewed by larger charities; small and extra small PBIs were far more reliant on donations and bequests for revenue.

Figure 42: Revenue sources of charities with single subtype PBI by charity size (%)

Note: The subtype average for each revenue source was calculated as the revenue for that source divided by the total revenue for the subtype.

Size	Government (including grants)	Donations and bequests	Goods or services	Investments	Other revenue
Extra small	16.0	42.1	17.9	8.2	15.9
Small	26.1	29.2	24.9	4.2	15.6
Medium	43.7	17.2	25.6	3.3	10.2
Large	63.0	5.7	23.8	1.8	5.8
Very large	62.8	5.6	24.2	2.2	5.2
Extra large	61.7	2.6	30.5	1.3	3.9
Subtype average	61.9	5.1	26.0	1.9	5.1

Health Promotion Charity (HPC)

Charities with the single subtype health promotion charity (455 in total) have a principal activity to promote the 'prevention or the control of diseases in human beings'. The focus of a health promotion charity may be narrower than that of a charity with 'the purpose of advancing health', as HPCs are required to promote the prevention or control of disease(s), not just to improve general health. Examples may include charities that research treatments for diseases or methods of disease prevention, or that work to raise awareness of diseases.

Revenue from donations and bequests diminished as charity size increased for HPCs. The data suggests that dominant revenue streams shift from donations and bequests to government as charity size increases.

Providing goods and services remained relatively consistent across all charity sizes.

Figure 43: Revenue sources of charities with single subtype HPC by charity size (%)

Note: The subtype average for each revenue source was calculated as the revenue for that source divided by the total revenue for the subtype.

Size	Government (including grants)	Donations and bequests	Goods or services	Investments	Other revenue
Extra small	7.3	39.0	28.4	5.1	20.2
Small	15.8	44.5	20.7	3.5	15.6
Medium	27.7	24.2	29.7	3.3	15.1
Large	41.3	17.6	29.3	3.5	8.3
Very large	57.5	17.3	16.3	3.0	5.9
Extra large	46.5	7.0	33.1	8.9	4.5
Subtype average	52.6	17.1	20.3	3.5	6.6

Charities with more than one registered subtype (MULT)

A significant number of registered charities have more than one subtype (11,109 in total). It is difficult to interpret the patterns in the revenue sources of this group as charities registered with more than one subtype have varied purposes.

Overall, more than half of total revenue for charities with more than one subtype was reported to come from government. Smaller charities reported greater revenue from donations and bequests than their larger counterparts. Revenue from providing goods and services was relatively consistent across all sizes.

Figure 44: Revenue sources of charities with more than one registered subtype (MULT) by charity size (%)

Note: The subtype average for each revenue source was calculated as the revenue for that source divided by the total revenue for the subtype.

Size	Government (including grants)	Donations and bequests	Goods or services	Investments	Other revenue
Extra small	10.5	47.8	20.6	6.1	14.9
Small	17.5	37.1	26.1	6.4	12.9
Medium	35.3	24.5	25.0	5.3	9.9
Large	55.3	9.9	25.4	2.5	6.8
Very large	54.3	7.1	30.2	1.8	6.5
Extra large	56.6	3.4	31.7	1.3	7.0
Subtype average	54.7	6.9	29.7	1.9	6.9

Charities with no registered subtype (NST)

Charities with no registered subtype (5,554 in total) are predominantly philanthropic trusts. This group of charities received most of their revenue through investments.

For extra large charities in this group, investments accounted for little revenue, with government funds providing over half of total revenue.

Figure 45: Revenue sources of charities with no registered subtype (NST) by charity size (%)

Note: The average for each revenue source was calculated as the total revenue for each NST subtype, divided by total revenue for the subtype.

Size	Government (including grants)	Donations and bequests	Goods or services	Investments	Other revenue
Extra small	8.8	31.4	24.0	18.2	17.7
Small	13.4	28.5	22.7	16.7	18.7
Medium	23.8	20.3	28.1	16.3	11.5
Large	24.9	22.7	30.0	14.2	8.1
Very large	21.7	24.8	35.1	12.4	6.0
Extra large	51.9	0.7	45.4	0.5	1.5
Subtype average	26.4	20.8	33.9	11.9	7.1

Net income ratio

A charity’s net income is its total income minus its total expenses. The net income ratio provides the ratio of a charity’s surplus or deficit (its net income) to its total income.

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

A positive ratio indicates that there is a surplus – the income received was more than the charity’s expenses for the year. The higher the ratio, the greater the surplus. A negative ratio indicates that there is a deficit – the income received was less than the charity’s expenses for the year.

Overall, the net income ratio for the sector was 6.6%, although the ratio had significant variation based on subtype and charity size.

The highest net income ratio was 20.8% and was reported by charities registered with no subtype. The lowest positive ratio, 0.6%, was reported by charities registered with the subtype of promoting or protecting human rights (PHR).

Small, large and very large charities continue to have higher net income ratios compared to other charity sizes, which shows these groups had a comfortable level of income compared to expenses.

Figure 46: Average net income ratio by subtype and charity size (%)

Note: A small number of charities were excluded from this analysis to remove significant outliers and distortions to results.

Subtype category	Extra small	Small	Medium	Large	Very large	Extra large	Average
HEA	-31.2	14.3	21.2	23.3	10.7	5.4	9.1
EDU	-20.8	7.7	4.0	6.9	8.0	4.1	5.3
SPW	-31.9	11.1	5.9	10.1	13.7	–	10.2
REL	19.6	13.8	12.1	5.1	3.4	10.0	7.9
CUL	-18.9	8.2	5.3	8.0	4.5	–	5.9
REC	4.5	19.4	4.6	–	–	–	8.6
PHR	25.6	-7.0	7.5	9.4	-4.8	–	0.6
SEC	2.3	11.6	19.5	6.5	–	–	8.3
ANI	4.7	11.4	14.0	3.6	1.9	–	3.4
ENV	-43.0	14.3	2.2	8.9	5.7	–	6.8
OTH	-19.2	13.9	23.3	29.4	33.3	3.0	18.6
POL	15.5	-3.2	44.6	2.3	–	–	7.2
PBI	-15.7	0.9	-75.3	6.2	3.6	3.5	2.4
HPC	-21.9	8.3	6.6	5.4	9.7	-2.7	8.0
MULT	-26.7	4.0	8.0	10.0	6.6	3.8	6.2
NST	-59.7	7.8	13.6	19.0	30.6	6.7	20.8
Total	-24.6	8.9	1.6	10.1	8.5	4.1	6.6

Asset ratio

The asset ratio provides the ratio of a charity's assets to its liabilities.

Asset ratio = total assets/total liabilities

A positive ratio indicates that a charity's assets exceed its liabilities. The higher the ratio, the greater the difference between assets and liabilities.

Generally, a higher asset ratio can indicate that a charity has set aside funds, known as reserves, to ensure its financial stability and sustainability in the event of future unexpected expenses or variations in income.

The asset ratio for the sector overall was 3.3, meaning total assets were over three times the total liabilities for the sector. A positive asset ratio was calculated across all charity sizes and all subtypes, although the ratio varied based on subtype and charity size.

The highest asset ratio for a specific subtype was 13.3 – for charities registered with the subtype of promoting reconciliation, mutual respect and tolerance between groups of individuals that are in Australia (REC). The lowest for a subtype was 1.8 and was reported by charities registered with the subtype of advancing the natural environment (ENV).

The asset ratios for extra small charities and medium charities was far greater than the average ratio of 3.3 across the sector. The asset ratio of large charities was also greater than the average ratio. This suggests greater capacity for these charities to absorb deficits (where total expenses exceed total income).

Figure 47: Asset ratio by subtype and size

Subtype category	Extra small	Small	Medium	Large	Very large	Extra large	Average
HEA	51.5	57.1	36.6	6.7	2.5	3.0	3.4
EDU	3.4	10.3	6.6	4.1	4.3	3.6	3.8
SPW	13.7	10.3	7.7	8.1	4.6	–	6.7
REL	10.2	4.5	7.2	3.7	1.4	2.2	2.4
CUL	38.9	13.0	7.8	6.7	3.8	–	6.2
REC	5.6	194.1	6.4	–	–	–	13.3
PHR	20.0	23.2	42.0	1.8	1.7	–	2.9
SEC	28.2	36.3	8.7	5.2	–	–	7.0
ANI	22.4	15.8	16.5	11.1	8.0	–	9.4
ENV	16.7	7.6	3.8	2.9	1.3	–	1.8
OTH	21.3	75.6	18.2	21.4	6.2	5.0	9.5
POL	70.5	5.0	45.0	1.5	–	–	3.2
PBI	12.1	1.2	5.1	2.7	2.1	1.9	2.1
HPC	11.7	27.1	2.9	3.5	3.6	10.1	4.0
MULT	2.8	5.8	5.7	3.8	3.0	2.3	3.0
NST	14.1	13.7	11.7	8.0	6.7	2.1	7.6
Average	6.7	3.5	7.6	4.3	3.0	3.0	3.3

Average asset holdings

On average, extra small charities held less than \$200,000 in assets. By comparison, extra large charities held \$724 million in assets.

Charities with a subtype of advancing education hold the highest average assets (\$16 million). This is not surprising as many schools and universities own land and other significant assets.

Figure 48: Average asset holdings by subtype and charity size (\$ million)

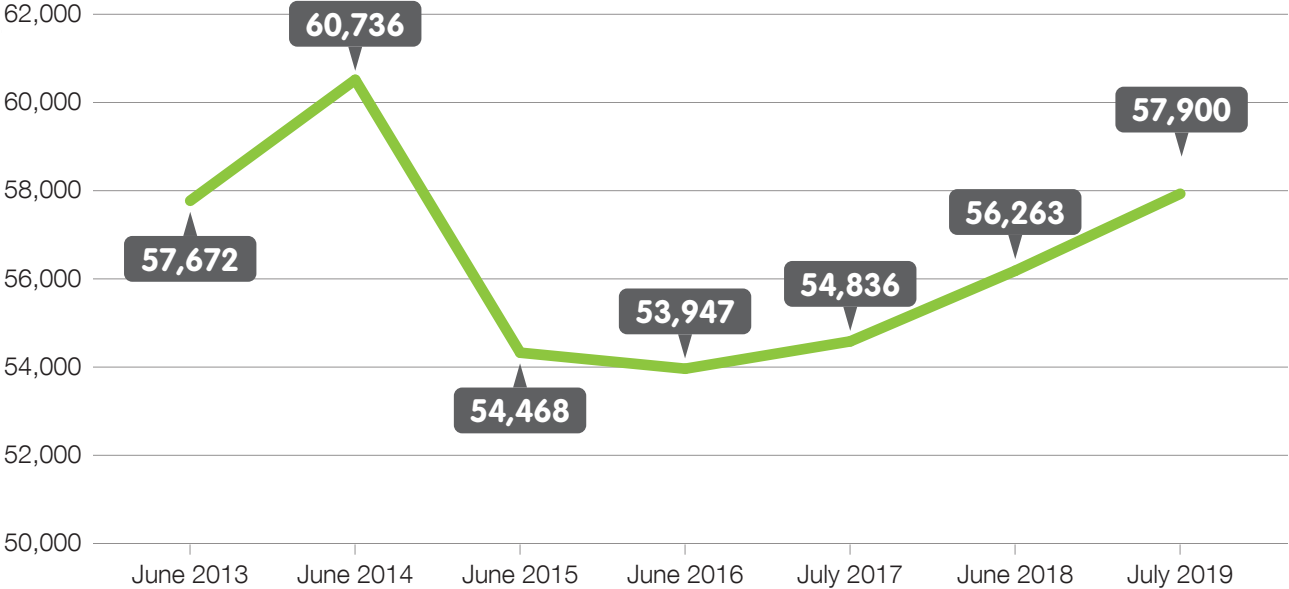
Subtype category	Extra small	Small	Medium	Large	Very large	Extra large	Average
HEA	0.2	1	3	16	144	337	8
EDU	0.2	0.4	1	7	55	1,360	16
SPW	0.1	1	2	10	78	–	2
REL	0.3	1	3	14	146	618	4
CUL	0.3	1	2	6	23	–	2
REC	<0.1	1	1	–	–	–	0.3
PHR	<0.1	0.5	3	4	6	–	1
SEC	<0.1	0.4	2	4	–	–	1
ANI	<0.1	0.3	1	6	35	–	1
ENV	0.3	0.3	1	6	48	–	2
OTH	0.3	2	3	13	70	463	5
POL	<0.1	0.1	6	4	–	–	2
PBI	0.1	4	2	7	52	365	11
HPC	0.1	0.3	1	4	42	452	6
MULT	0.2	1	2	6	44	461	7
NST	0.2	1	3	11	79	86	3
Average	0.2	1	2	8	53	724	7

Additional insights – Currently registered charities

This chapter contains analysis of 57,675 registered charities as at 26 February 2020.

Number of registered charities

Figure 49: Number of registered charities over time



Tax deductibility

Charities can apply to the Australian Taxation Office for endorsement as a deductible gift recipient (DGR), or to the Treasurer to be listed by name in the tax law. This endorsement is a tax concession from the Commonwealth government and allows donors to deduct from their taxable income the amount of a donation made to a charity with DGR – a significant incentive for donors.

Although all registered charities are entitled to certain tax concessions, not all are eligible for a DGR endorsement. In fact, less than half of registered charities were endorsed as DGRs.

Because the eligibility requirements for DGR endorsement often depends on the type of work a charity does, the percentages differ greatly among subtypes.

Over 93% of charities registered as PBIs or HPCs had DGR status endorsement. Such a high number is to be expected as there are specific DGR categories reserved for charities that are registered as PBIs and HPCs.

Just over 8% of charities with a subtype of advancing religion, or a subtype of promoting or opposing change to a matter of law, policy or practice had DGR endorsement. This is because there are no DGR categories for most of these charities.

Figure 50: Deductible gift recipient (DGR) status by subtype

Subtype category	Percentage %
HEA	35.7
EDU	30.1
SPW	22.5
REL	8.2
CUL	53.8
REC	20.0
PHR	29.5
SEC	19.2
ANI	72.4
ENV	43.3
OTH	37.3
POL	8.3
PBI	94.0
HPC	93.5
MULT	65.2
NST	32.4
Average	40.1

Percentage of charities with an online presence

Charities can provide the ACNC with a link to their online presence. This may be a website, a Facebook page, or other platforms for online engagement.

On average, 34% of charities reported having an online presence. Charities with a subtype of promoting or protecting human rights (PHR) reported the highest levels of online presence and charities with a subtype of any other purpose beneficial to the public (OTH) reported the lowest levels of online presence. Where a charity perceives there is benefit, an online presence shows a desire to innovate and use emerging technologies and platforms to promote, fund and elicit support for charity work.

Figure 51: Charities with online presence based on subtype (%)

Subtype category	Percentage %
HEA	36.8
EDU	20.6
SPW	33.8
REL	22.2
CUL	49.7
REC	56.0
PHR	63.6
SEC	31.5
ANI	57.5
ENV	62.1
OTH	19.0
POL	50.0
PBI	45.6
HPC	57.6
MULT	52.1
NST	23.7
Average	33.7

Charities with significant obligations to other regulators

Many charities have obligations to other regulators in addition to the ACNC. For example, 28% of registered charities were incorporated associations that reported having obligations to state or territory regulators.

This continues to be a focus of work for the ACNC as we try to remove duplicated reporting obligations and streamline the way charities report to government at all levels. Progress on our work reducing red tape for charities can be tracked at acnc.gov.au/redtapereduction.

Our analysis found that charities of all sizes and purposes had obligations to other regulators. For instance, 98% of non-government schools are regulated by the Commonwealth Department of Education, Skills and Employment and are also registered with the ACNC. Of all aged care providers regulated by the Commonwealth Department of Health, approximately 39% were identified as also being a registered charity.

Approximately 30% of the total entities registered with the Office of the Registrar of Indigenous Corporations were also registered charities.

In future years, we intend to expand this analysis to include more regulators.

Figure 52: Proportion of registered charities with other reporting obligations (%)

Notes: Incorporated associations: the percentage of incorporated associations was calculated based on charities that voluntarily provided the ACNC with an incorporated association number.

Charities that fundraise: the percentage has been calculated based on charities that voluntarily provided the ACNC with a fundraising license number. More than 15,000 charities reported that they fundraise – however, only 6,400 provided a fundraising license number. Not all charities that fundraise are required to have a fundraising license number (depending on where a charity undertakes fundraising activities, it may be exempt from the requirement to hold a fundraising license).

Type of charity	Other regulator	Percentage %
Non-government schools	Department of Education, Skills and Employment (Cth)	3.5
Indigenous charities	Office of the Registrar of Indigenous Corporations (Cth)	1.7
Ancillary funds (both private and public)	Australian Taxation Office (Cth)	4.7
Incorporated associations	State or territory regulator	27.9
Charities that fundraise	State or territory regulator	11.1
Aged care providers	Department of Health (Cth)	1.1

Data sources and methodology

Data sources

Our analysis is primarily based on information already collected by the ACNC. In this report, we have explained where we used an external source of information.

Although we have a comprehensive process for reviewing as much charity data as possible, there may be errors in the data used for this report.

Methodology

Where possible, this report includes financial information:

- reported by Basic Religious Charities
- from charities that did not conduct activities (for example, charities that may have received revenue from investments for the 2018 reporting year despite not conducting activities).

No estimated or proxy data is used.

A small number of charities have been excluded from some analysis to remove significant outliers and distortions to results.

There may be minor rounding errors in percentages and totals in this report.

By charity size

Our analysis was based on more than 48,300 charities that submitted a 2018 Annual Information Statement.

In some situations, such as when one charity controls one or more charities, we allow a group of registered charities to submit one Annual Information Statement (known as a reporting group). These are referred to as group Annual Information Statements.

We received 270 group 2018 Annual Information Statements on behalf of 1,306 registered charities.

For this chapter, we treated each reporting group as a single charity.

By charity subtype

Our analysis was based on the charities that submitted a 2018 Annual Information Statement and the registered charity subtypes (as at 26 February 2020).

Reporting groups are not legal entities and are not entitled to a charity subtype.

For this chapter, we have excluded reporting groups from the analysis.

By registered charities

This information was based on 57,675 registered charities as at 26 February 2020.

Accessing ACNC data

There are various ways in which you can access ACNC data.

Our interactive data cube

We have published a data cube for the 2018 Annual Information Statement. This data cube only includes publicly available information. It allows you to filter the data based on a range of criteria.

You can access the data cube at acnc.gov.au/charitydata.

Data.gov.au

We have published various datasets, including the 2018 Annual Information Statement dataset, at data.gov.au.

Our datasets do not include information from charities that have information withheld from the Charity Register.

Differences in data

The analysis in this report may not match the information on data.gov.au or the data cube because:

- our analysis in this report includes all information submitted by charities (including those that have information withheld from the Charity Register)
- additional 2018 Annual Information Statements may have been submitted since this report was published and included in online datasets.

Contact us

If you would like any further information about this report, or ACNC data in general, please contact us at research@acnc.gov.au.

Previous editions of the Charities Report

This is the sixth annual Australian Charities Report the ACNC has published. All previous editions can be found on our website at acnc.gov.au/charitiesreport.

