

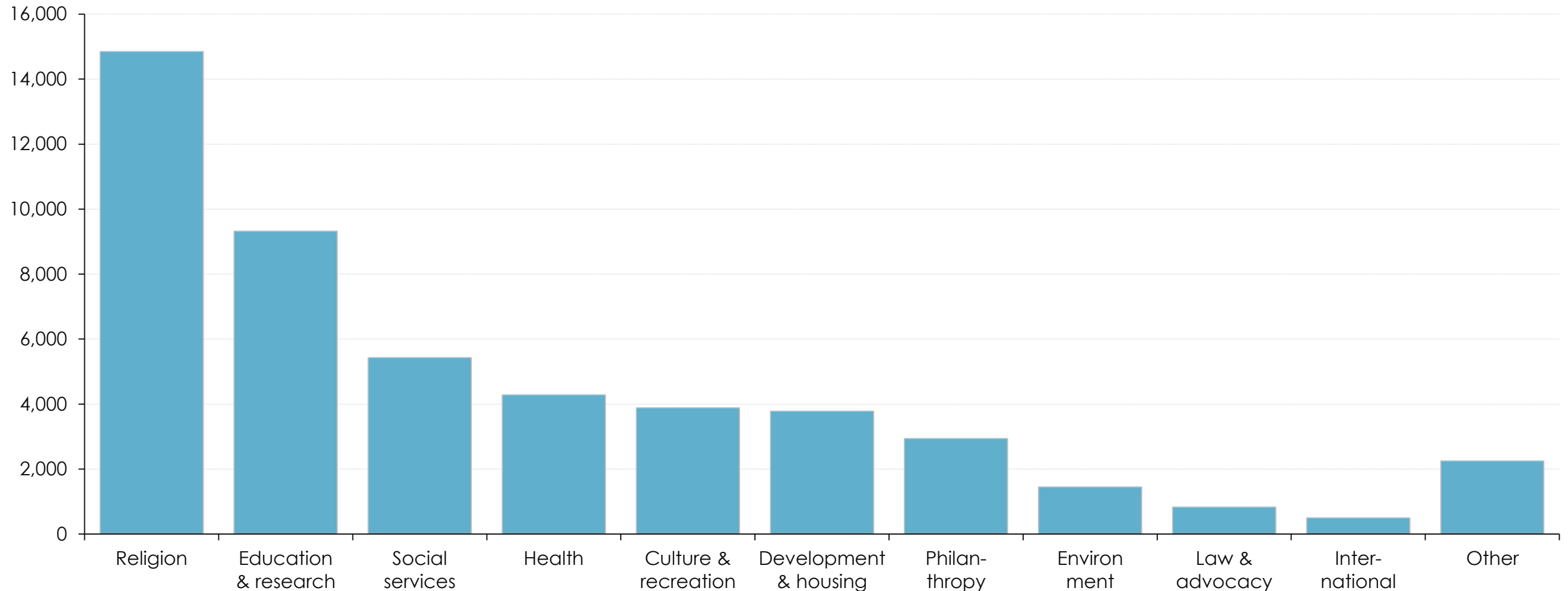
THE ECONOMIC IMPACT OF NOT-FOR-PROFITS

PRESENTATION TO THE SALVATION ARMY
RED SHIELD APPEAL BUSINESS BREAKFAST

HOTEL GRAND CHANCELLOR, HOBART
17TH MAY 2018

There are about 50,000 charities and not-for-profits operating in Australia ...

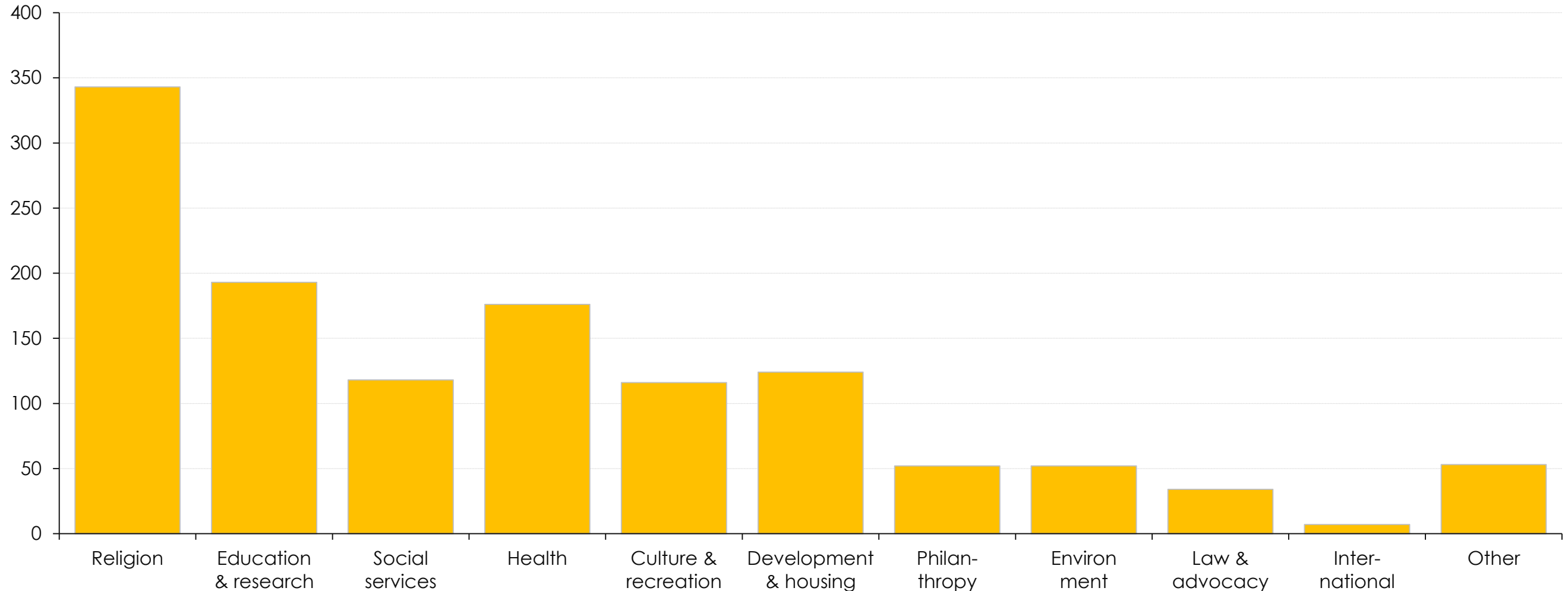
Number of Australian charities, by sector, 2016



Source: Abigail Powell, Natasha Cortis, Ioana Ramia and Axelle Marjolin, *Australian Charities Report 2016*, Centre for Social Impact and Social Policy Research Centre, University of New South Wales.

... including almost 1,300 in Tasmania

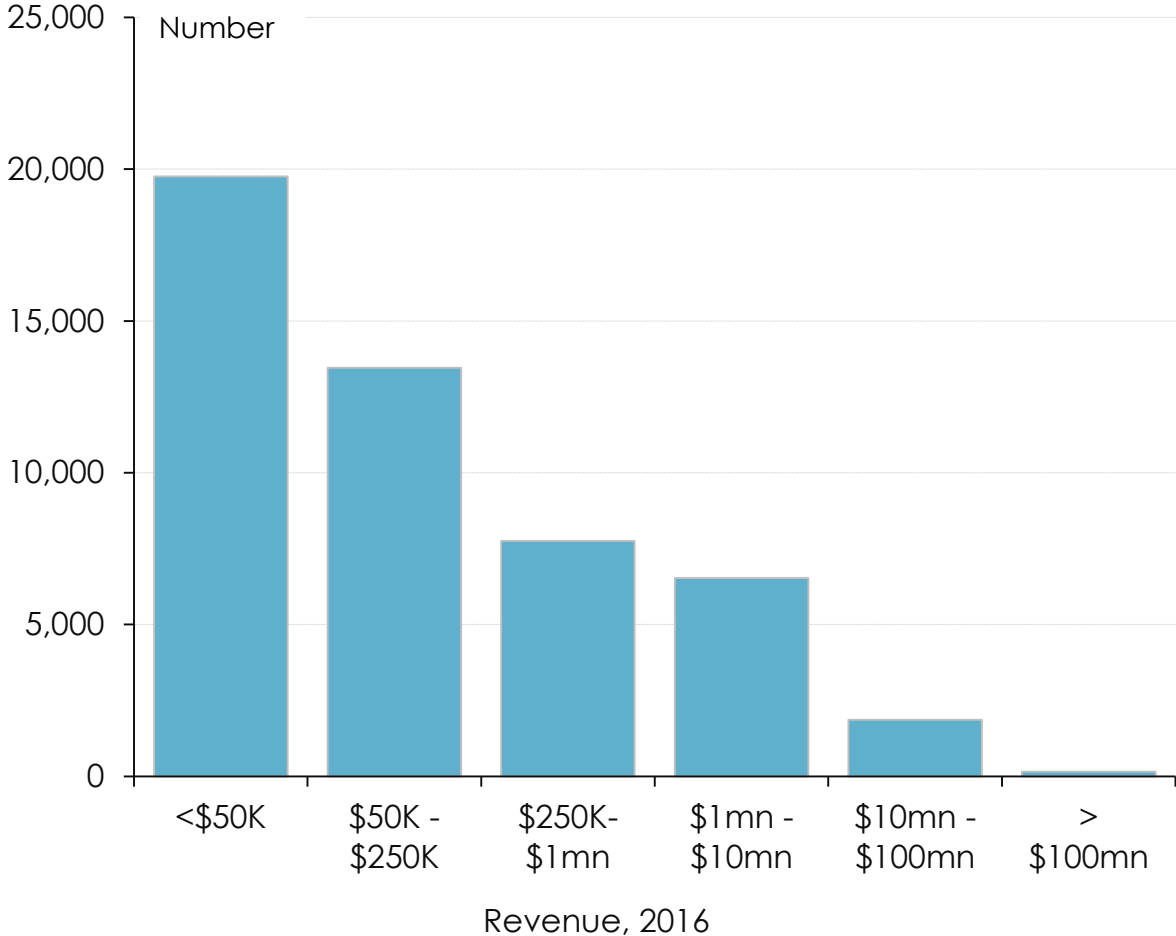
Number of Tasmanian charities, by sector, 2016



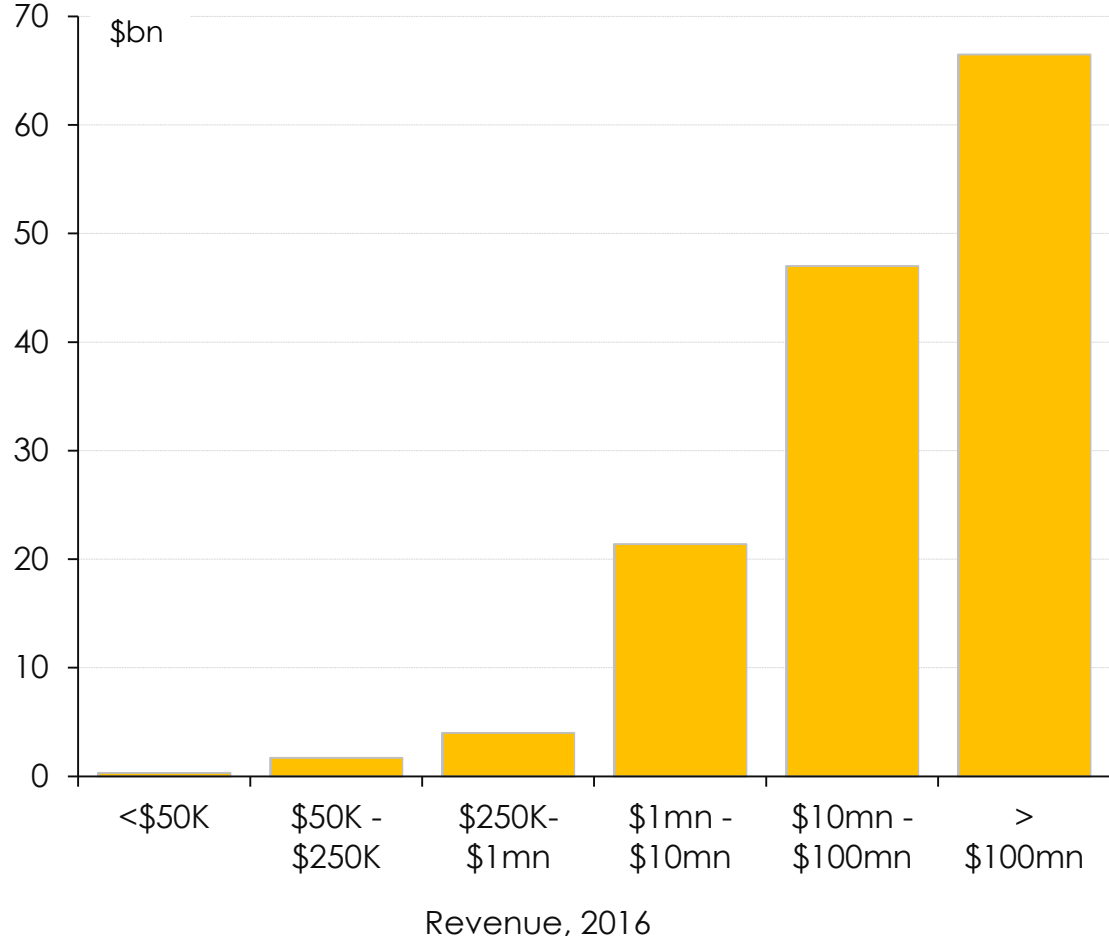
Source: Abigail Powell, Natasha Cortis, Ioana Ramia and Axelle Marjolin, *Australian Charities Report 2016*, Centre for Social Impact and Social Policy Research Centre, University of New South Wales.

Most of them are very small – but a few of them are very big

Number of Australian charities, by size, 2016



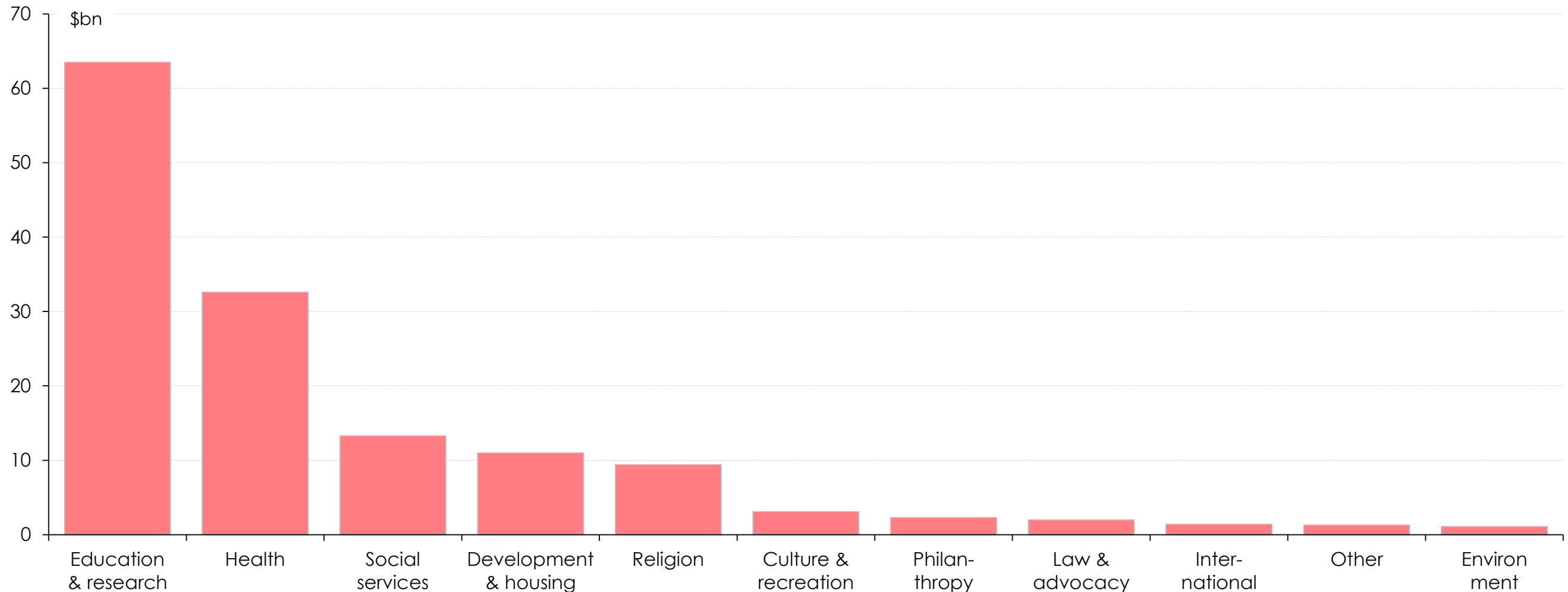
Revenue of Australian charities, by size, 2016



Source: Abigail Powell, Natasha Cortis, Ioana Ramia and Axelle Marjolin, *Australian Charities Report 2016*, Centre for Social Impact and Social Policy Research Centre, University of New South Wales.

The largest charities and not-for-profits are in the education and health sectors

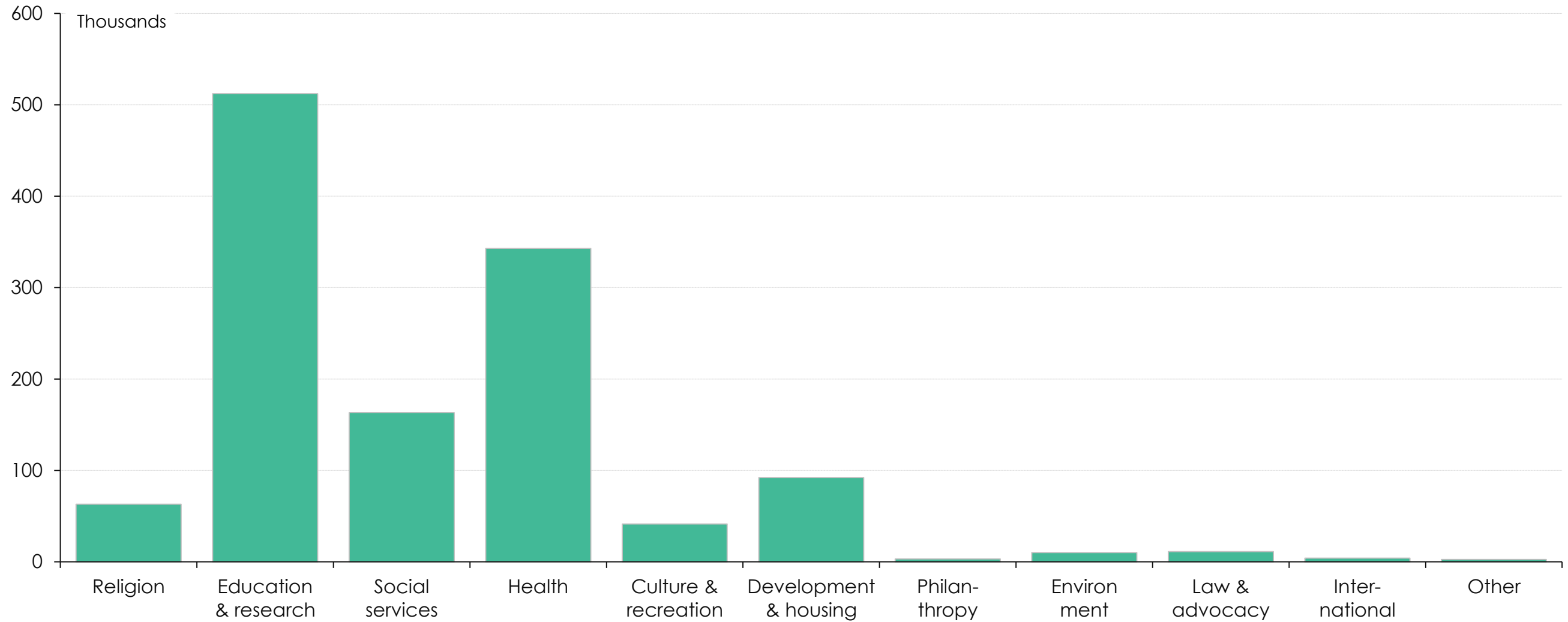
Revenue of Australian charities, by sector, 2016



Source: Abigail Powell, Natasha Cortis, Ioana Ramia and Axelle Marjolin, *Australian Charities Report 2016*, Centre for Social Impact and Social Policy Research Centre, University of New South Wales.

Charities and not for profits employ almost 1¼ million people across Australia ...

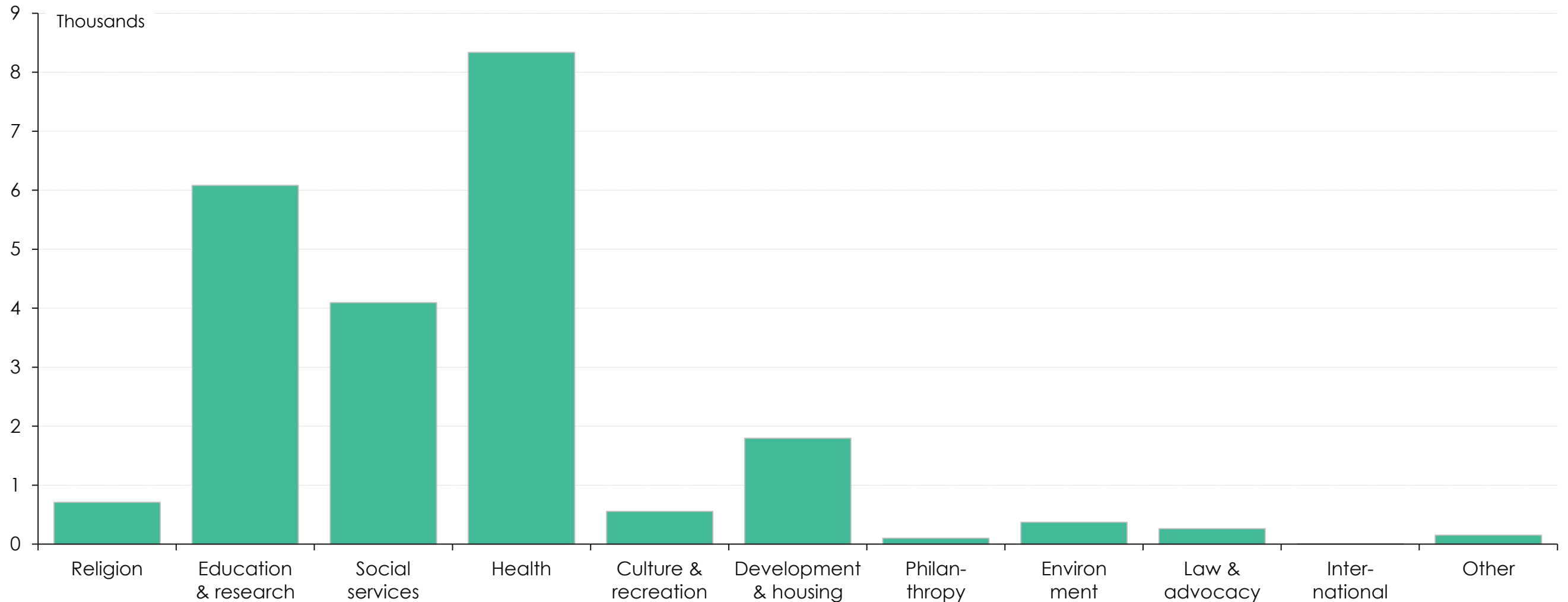
Employment in Australian charities, by sector, 2016



Source: Abigail Powell, Natasha Cortis, Ioana Ramia and Axelle Marjolin, *Australian Charities Report 2016*, Centre for Social Impact and Social Policy Research Centre, University of New South Wales.

... including almost 22,500 people in Tasmania

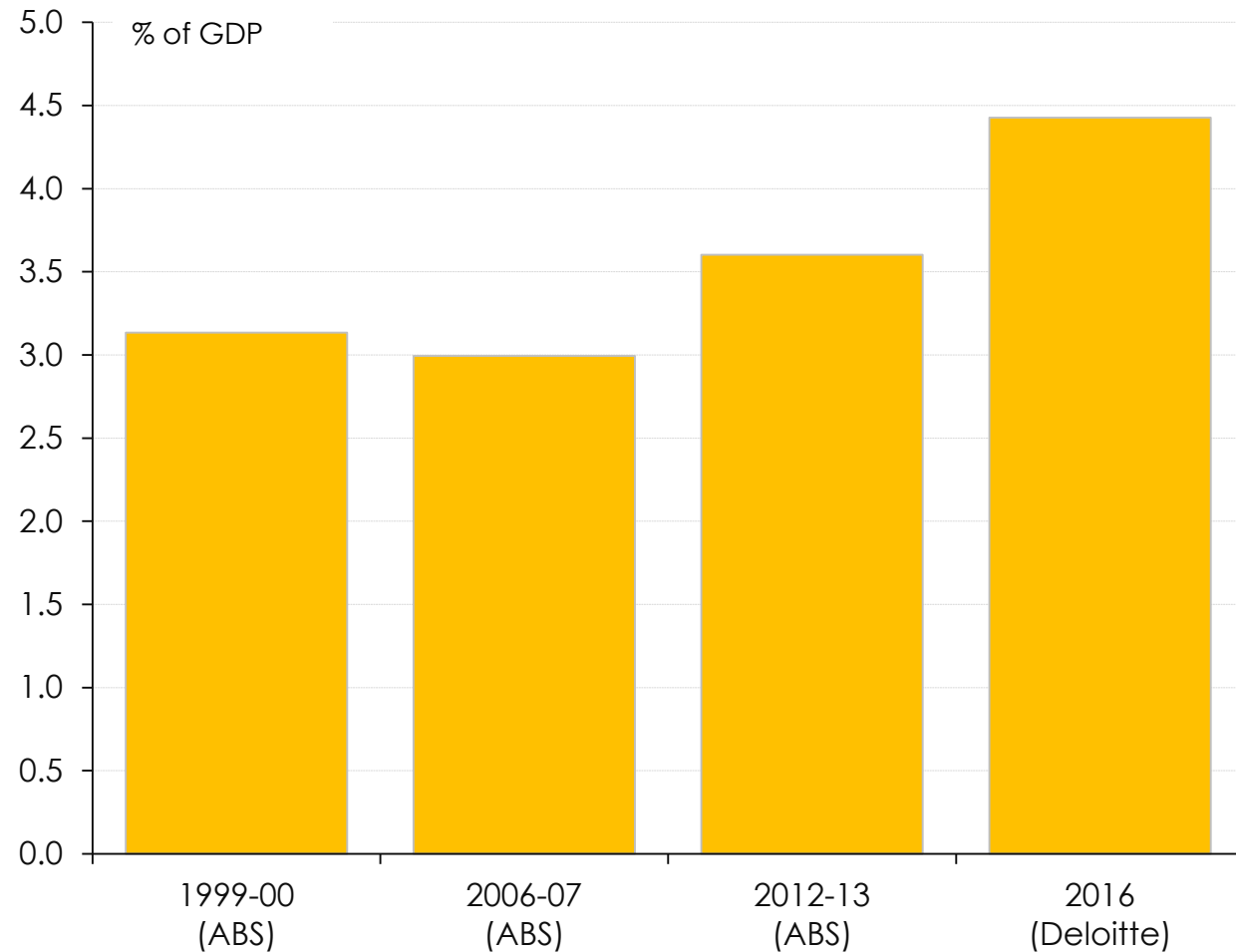
Employment in Tasmanian charities, by sector, 2016



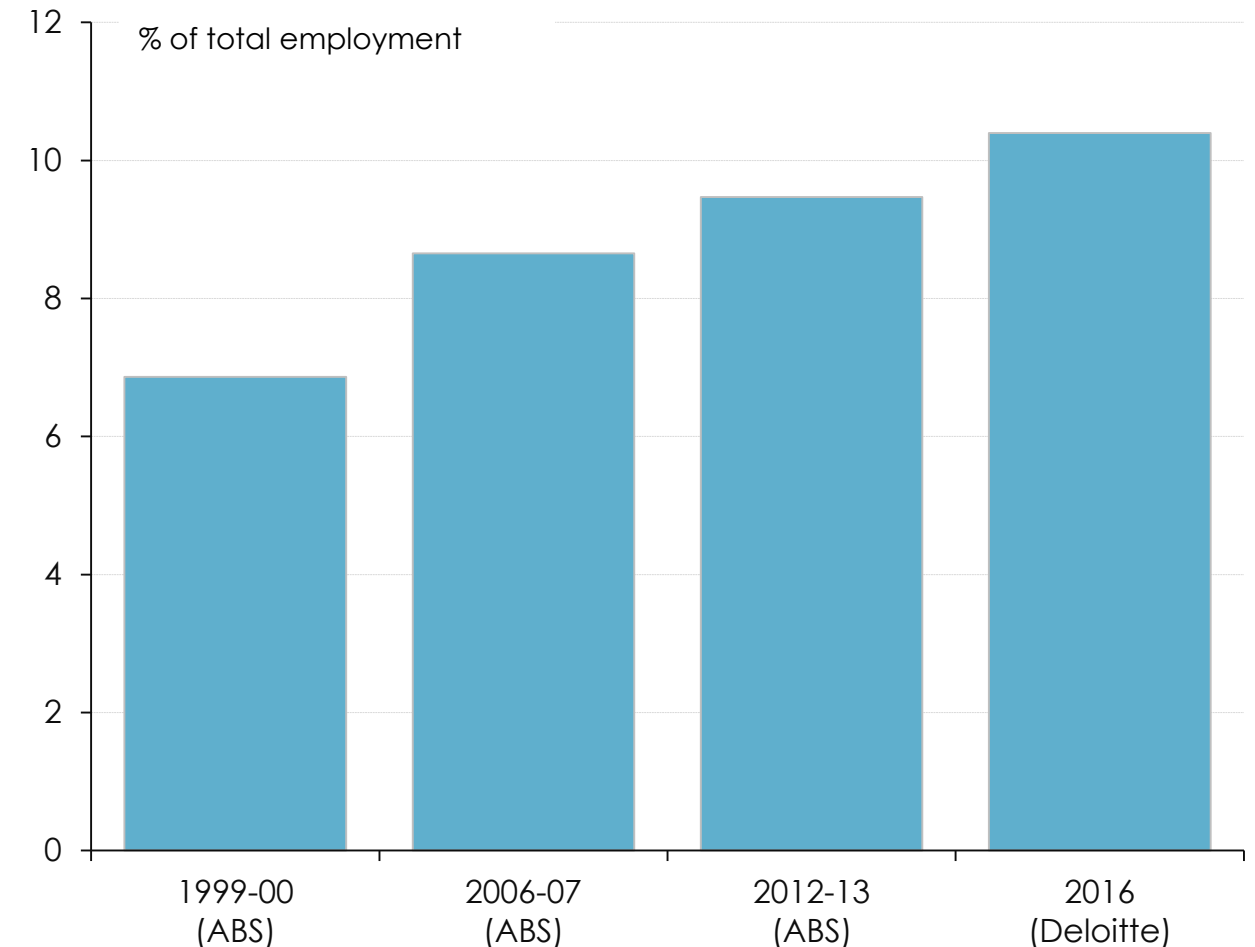
Source: Abigail Powell, Natasha Cortis, Ioana Ramia and Axelle Marjolin, *Australian Charities Report 2016*, Centre for Social Impact and Social Policy Research Centre, University of New South Wales.

The not-for-profit sector accounts (directly) for about 4½% of GDP and more than 10% of total employment

Gross value added by not-for-profits as a share of GDP



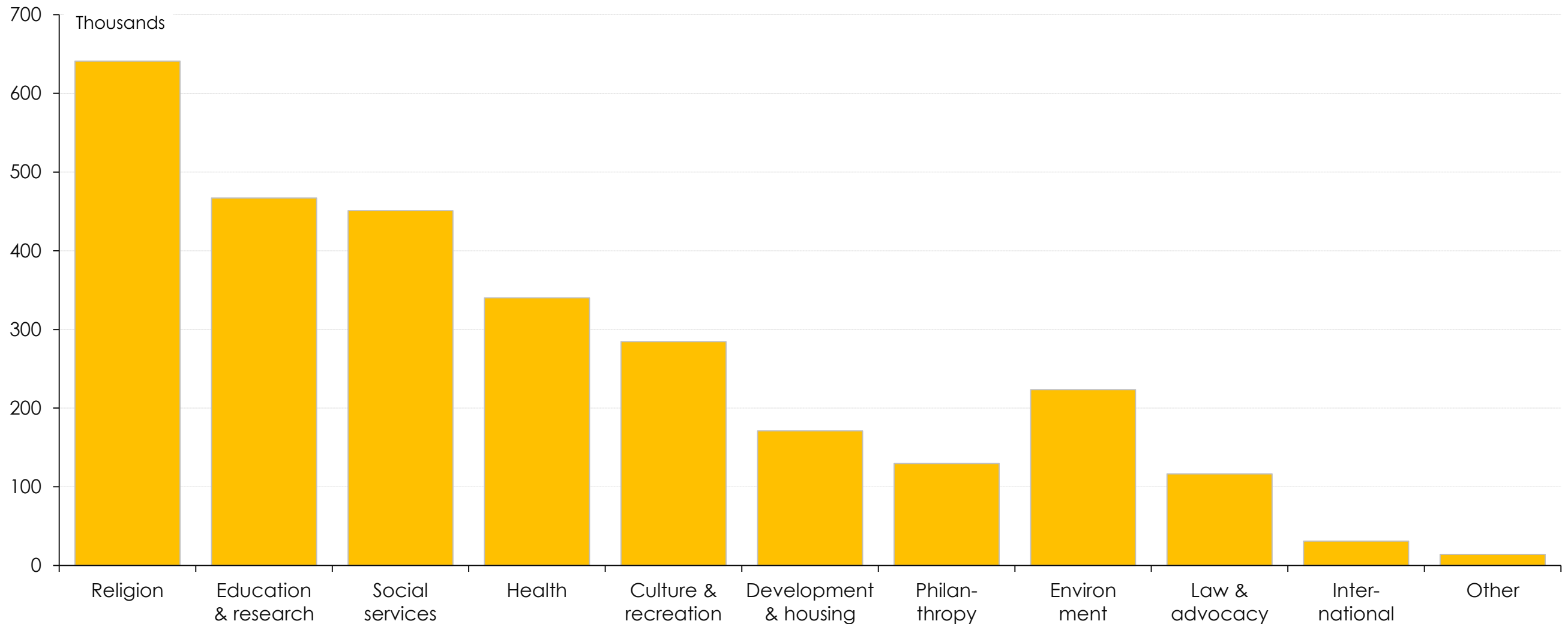
Employment at not-for-profits as a pc of total employment



Sources: ABS, Australian National Accounts: Non-Profit Institutions Satellite Account (5256.0), 1999-2000, 2006-07 and 2012-13; Deloitte Access Economics, Economic Contribution of the Australian Charities Sector, November 2017.

Charities and not for profits also engage almost 3 million volunteers Australia-wide ...

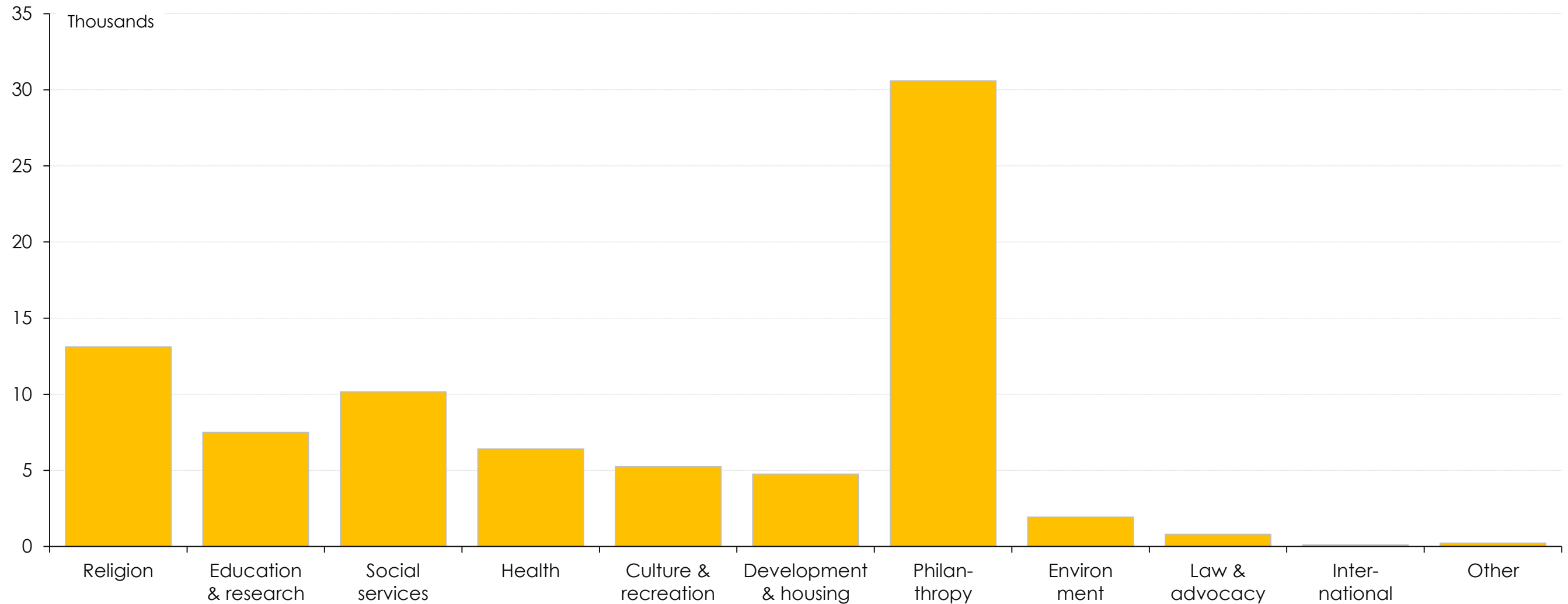
Volunteers at Australian charities, by sector, 2016



Source: Abigail Powell, Natasha Cortis, Ioana Ramia and Axelle Marjolin, *Australian Charities Report 2016*, Centre for Social Impact and Social Policy Research Centre, University of New South Wales.

... including over 80,000 Tasmanians

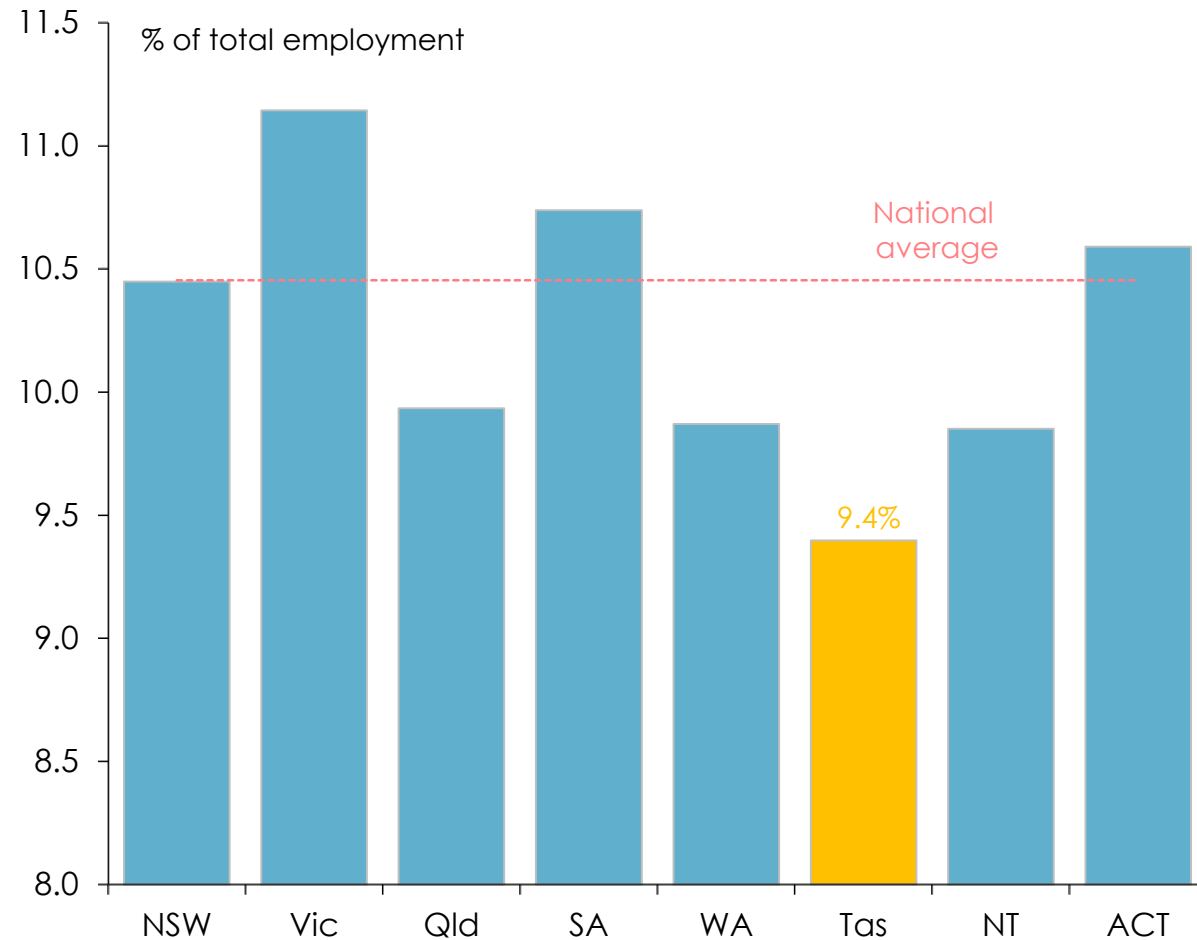
Volunteers at Tasmanian charities, by sector, 2016



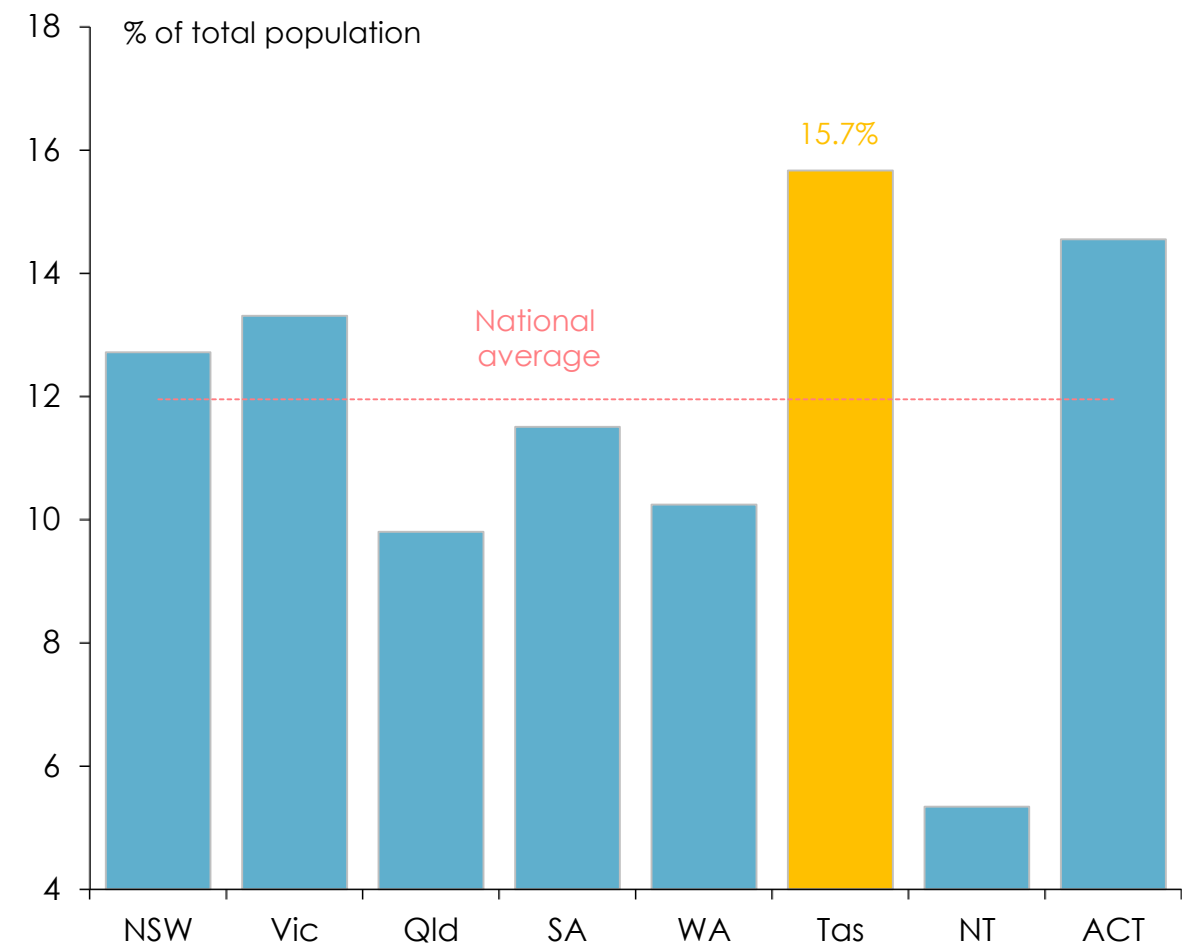
Source: Abigail Powell, Natasha Cortis, Ioana Ramia and Axelle Marjolin, *Australian Charities Report 2016*, Centre for Social Impact and Social Policy Research Centre, University of New South Wales.

Not-for-profits account for a smaller share of employment in Tasmania than in other states – but a much higher proportion of volunteers

Employment at NFPs as a pc of total, by State, 2016

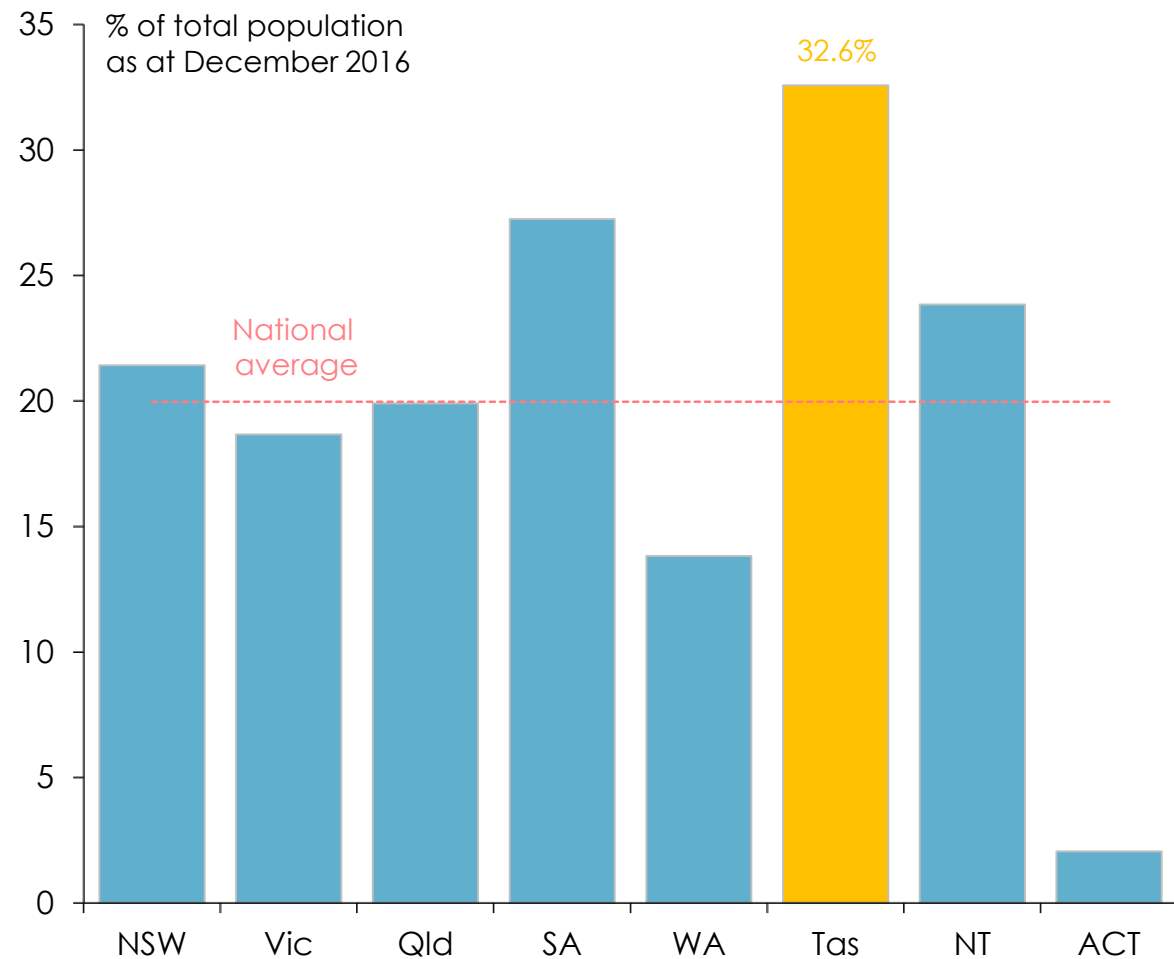


Volunteers at NFPs as a pc of total population, by State, 2016

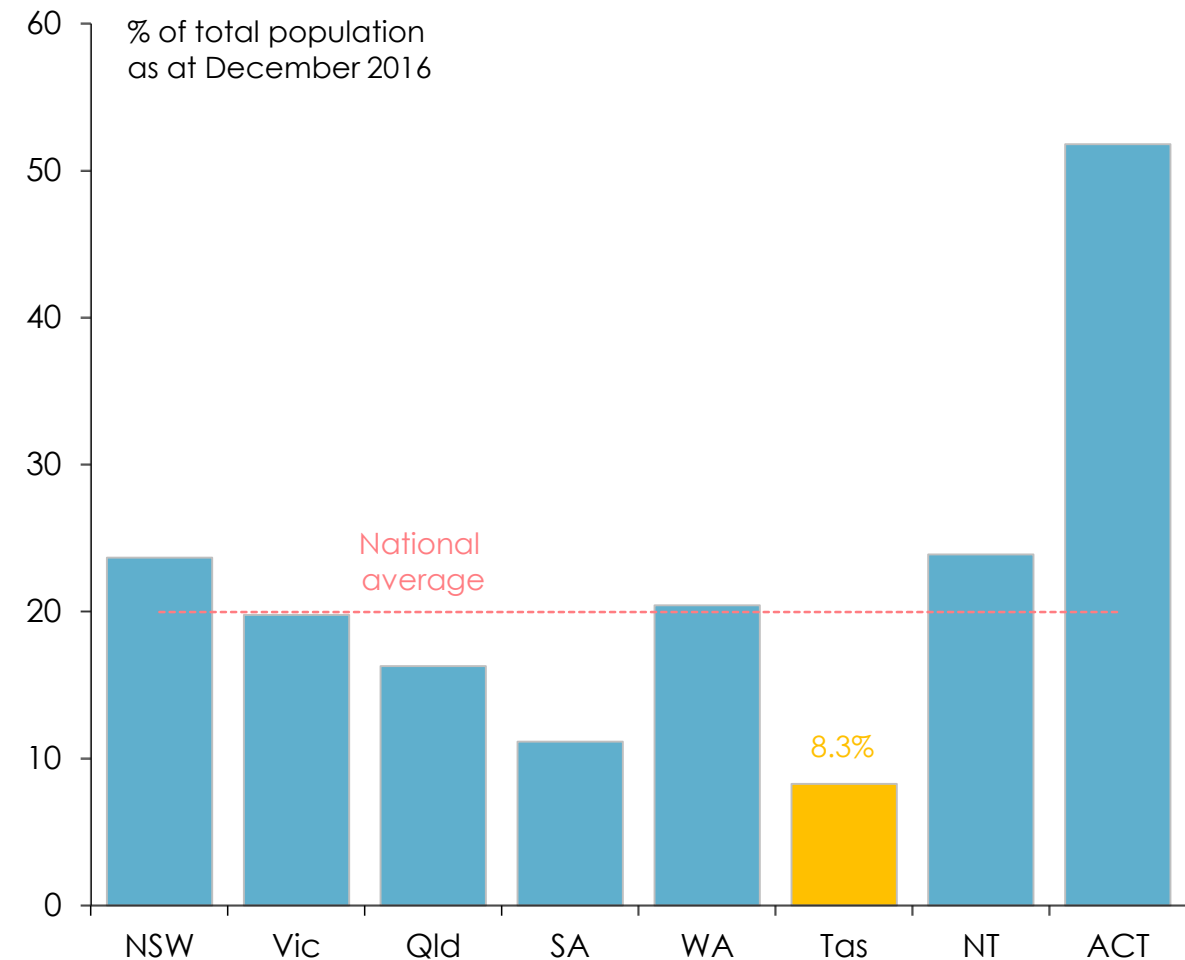


The need for the work of not-for-profits is arguably greater in Tasmania than anywhere else – but the capacity to support it is much less

Pc of population in most disadvantaged socio-economic status quintile, 2016



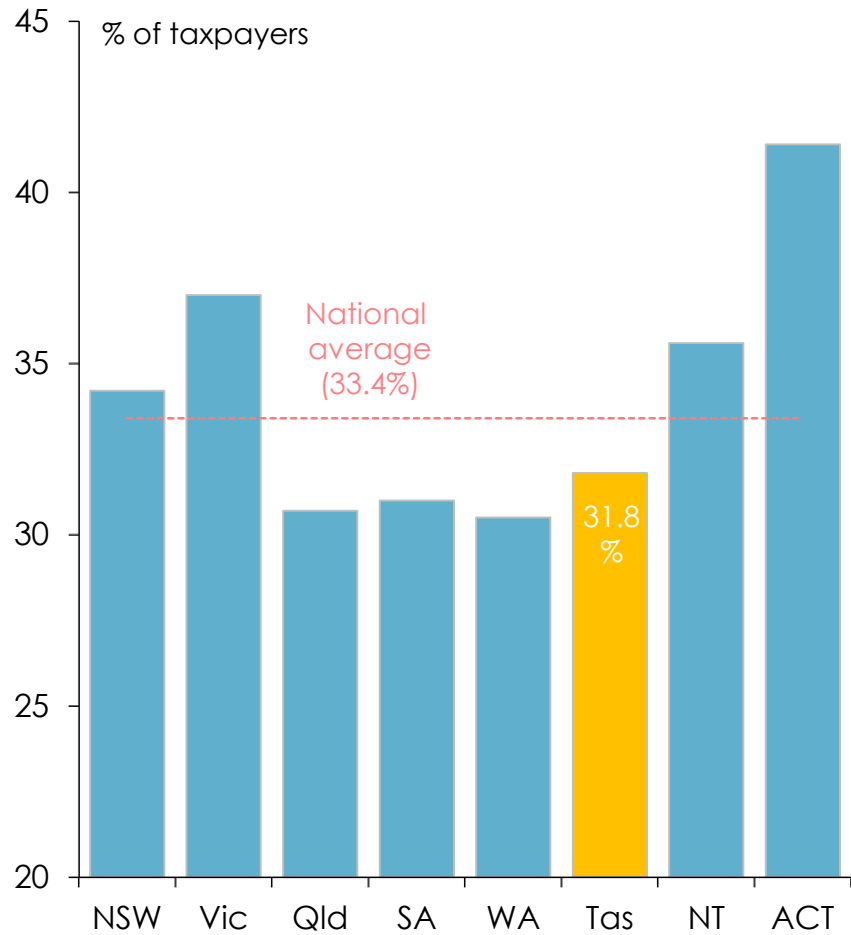
Pc of population in most advantaged socio-economic status quintile, 2016



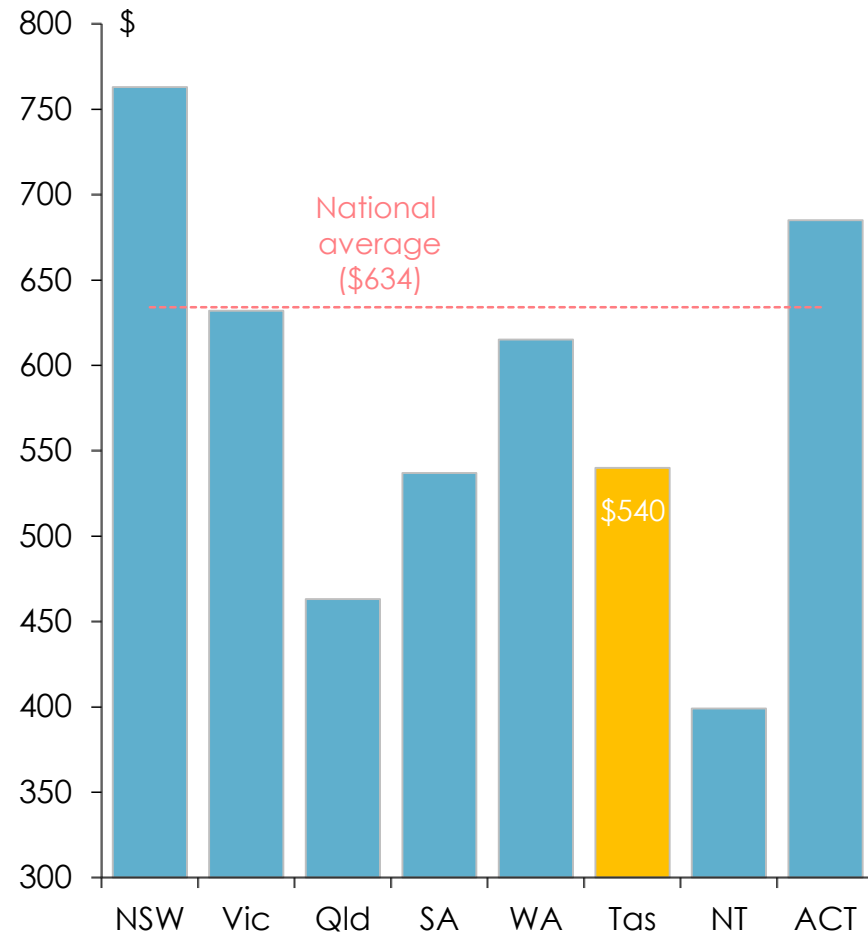
Source: Commonwealth Grants Commission, 2018 Update Report, April 2018.

Despite which, Tasmanians are generous with their donations

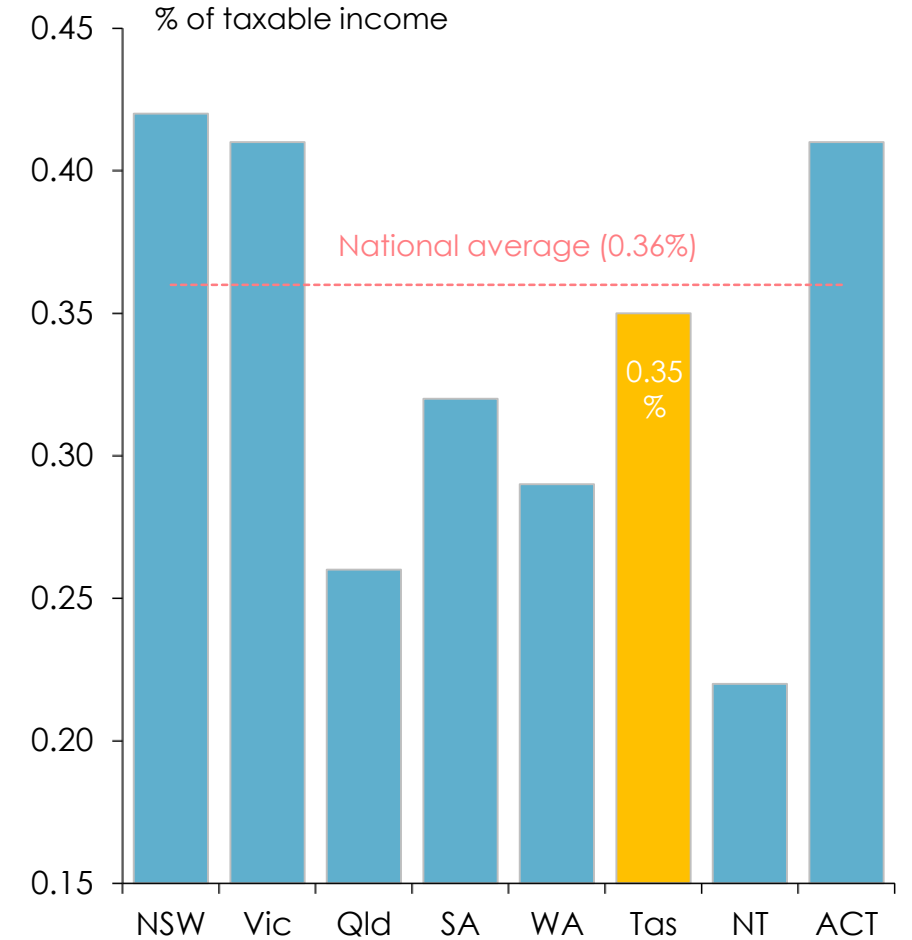
Pc of taxpayers making deductible donations, by State & Territory, 2015-16



Average deductible donation, by State & Territory, 2015-16



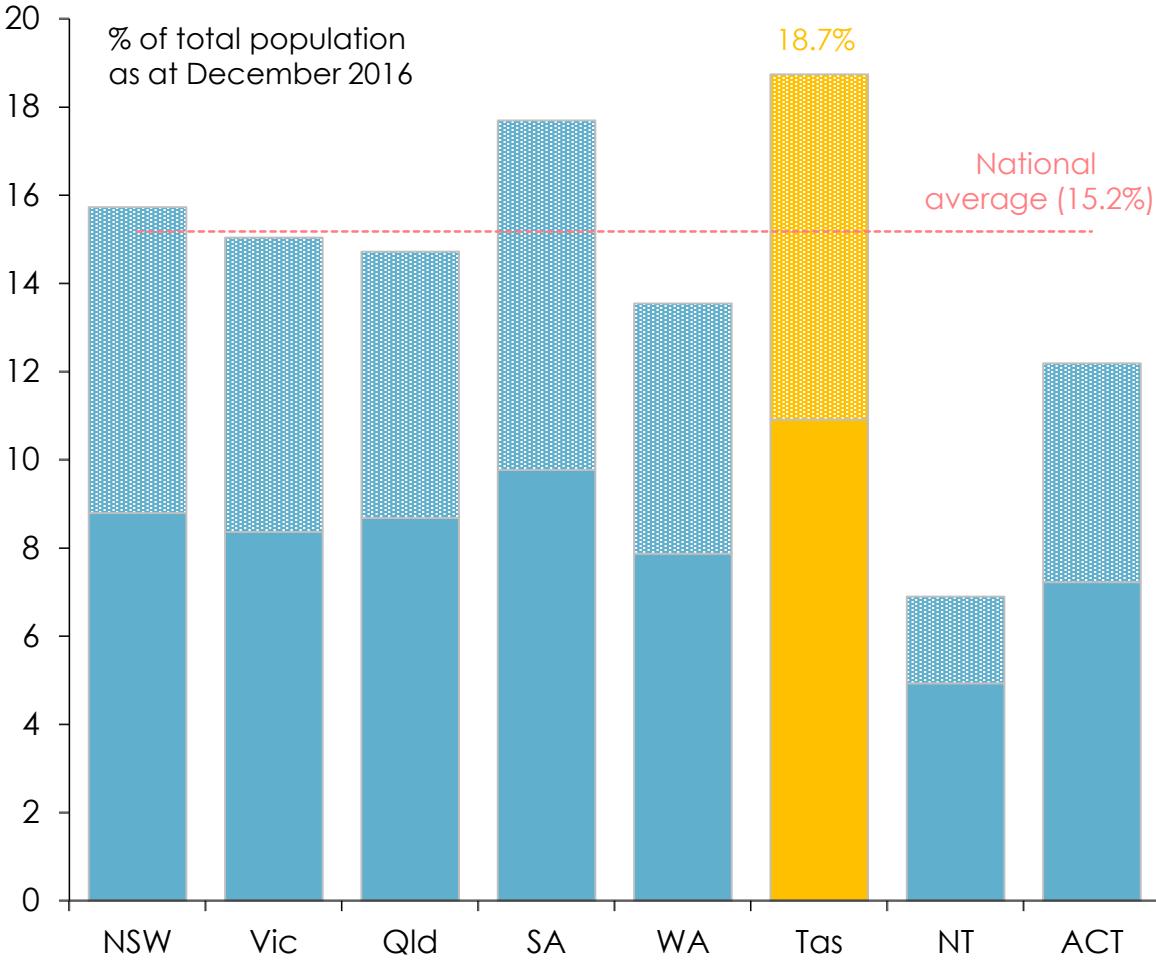
Deductible donations as a pc of taxable income, by State & Territory, 2015-16



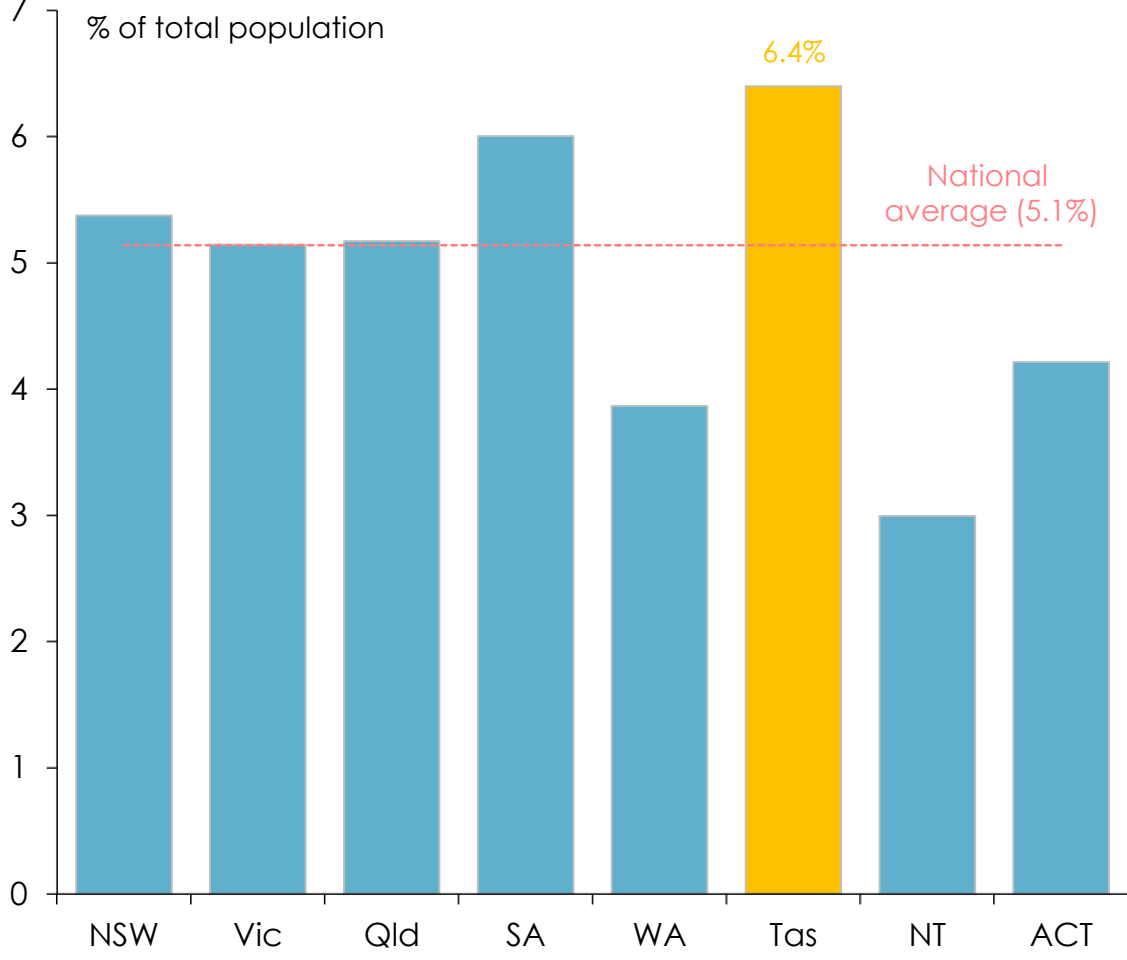
Source: Australian Taxation Office, *Taxation Statistics 2015-16*, April 2018.

Tasmania has an above-average proportion of older citizens – and an above-average proportion of people living with disability

Pc of population aged over 65, December 2016



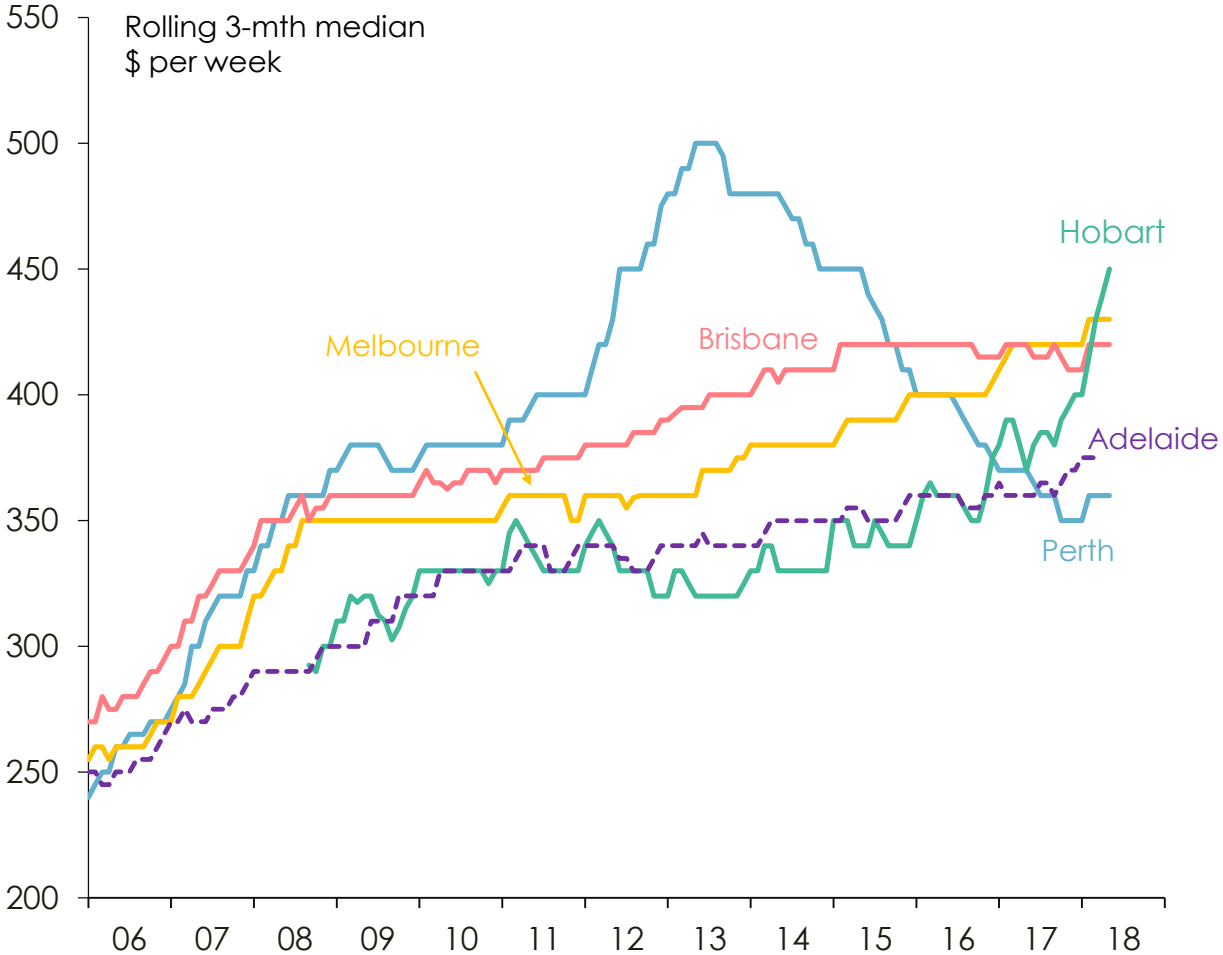
Pc of population needing assistance with 'core activities', August 2016



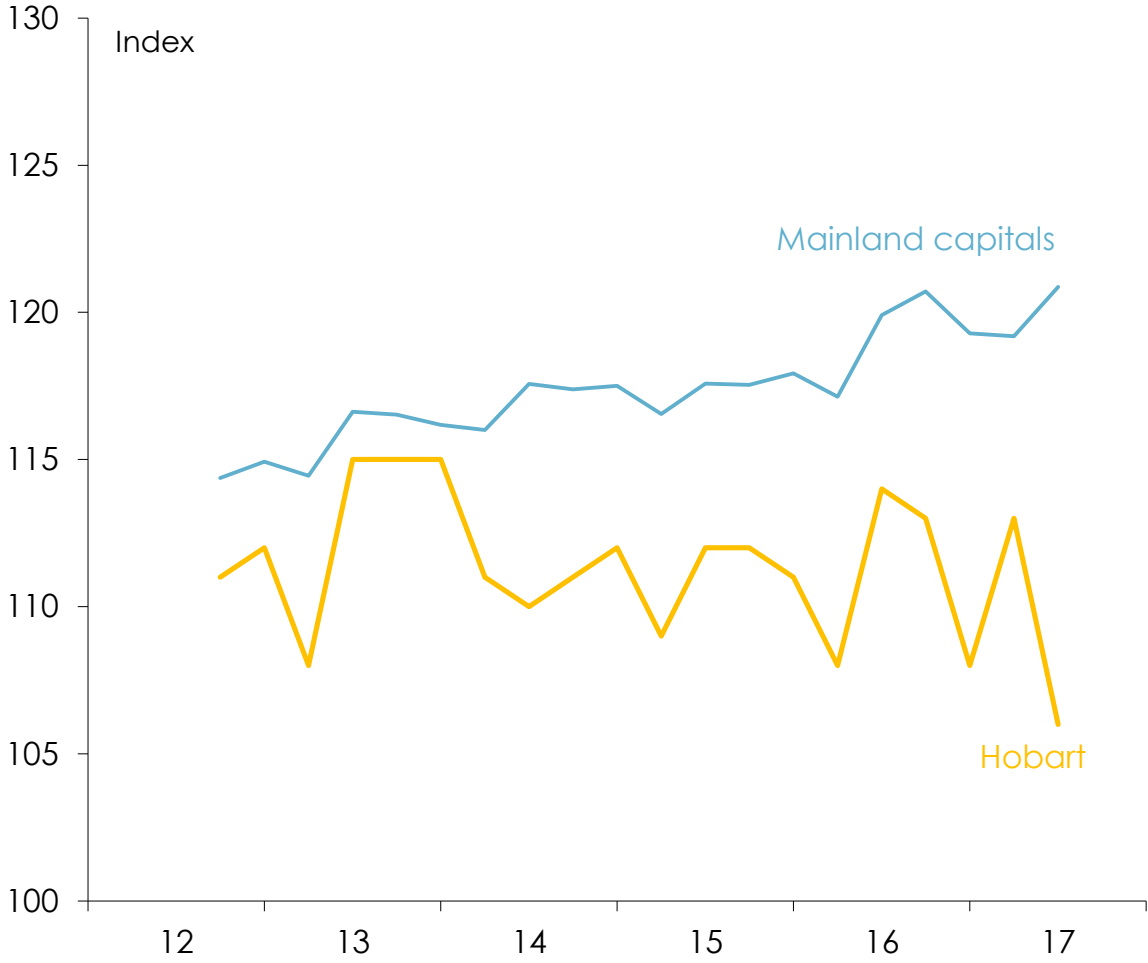
Sources: Commonwealth Grants Commission, 2018 Update Report, April 2018; ABS, 2016 Census results.

Rental housing affordability and availability is becoming an increasingly serious social issue in Hobart

Median rents, Australian State capital cities



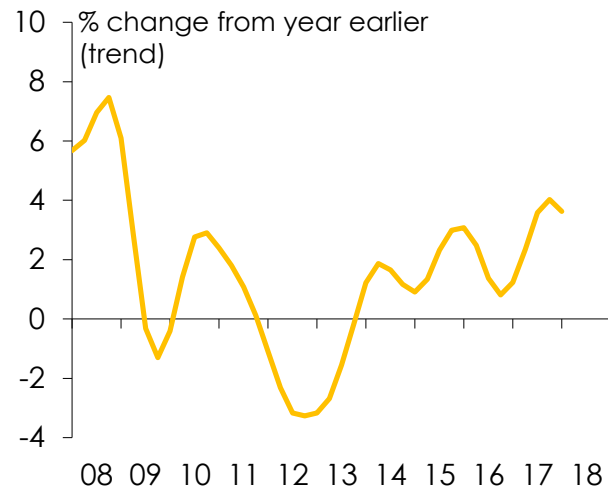
Rental affordability index, Hobart vs mainland capitals



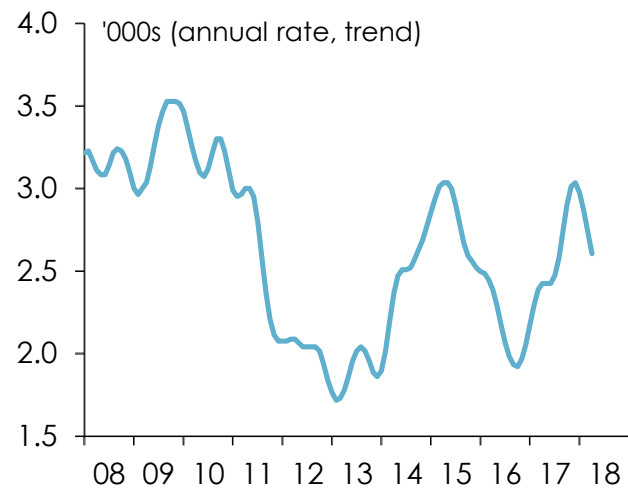
Note: The rental affordability index is the ratio of the median income to the income at which median rent represents 30% of income.
Sources: CoreLogic ; SGS Economics and Planning.

Tasmania's economic performance has improved considerably over the past few years, across multiple dimensions ...

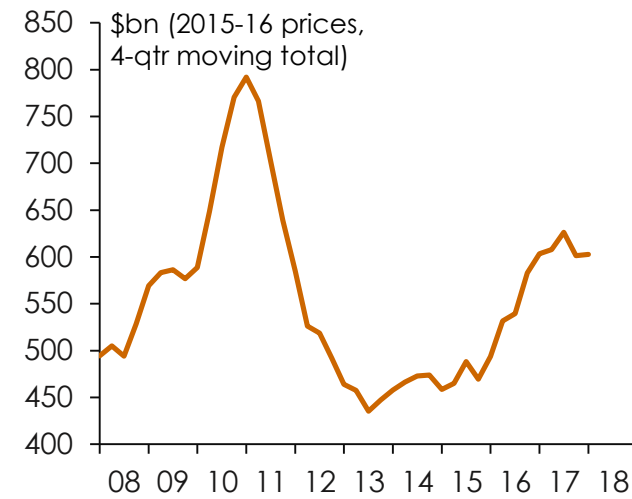
State final demand



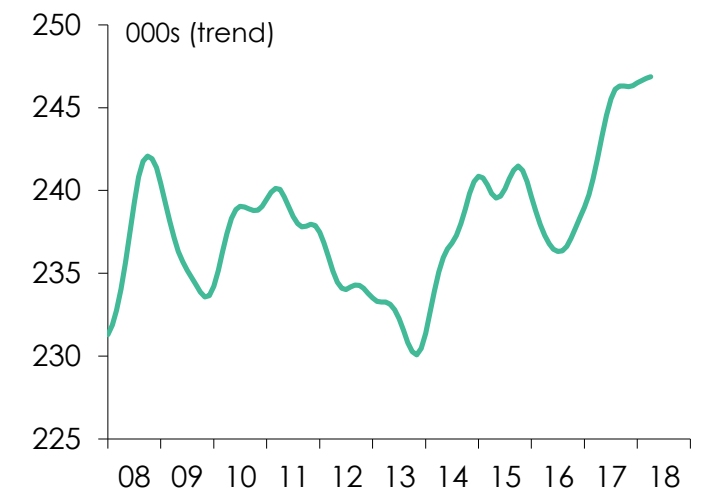
Dwelling approvals



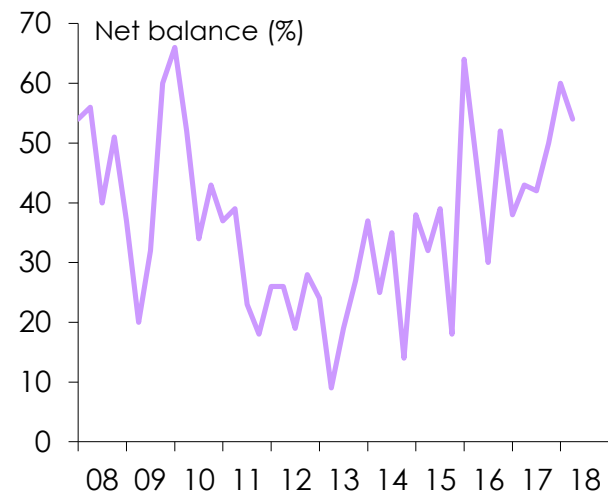
Non-residential building



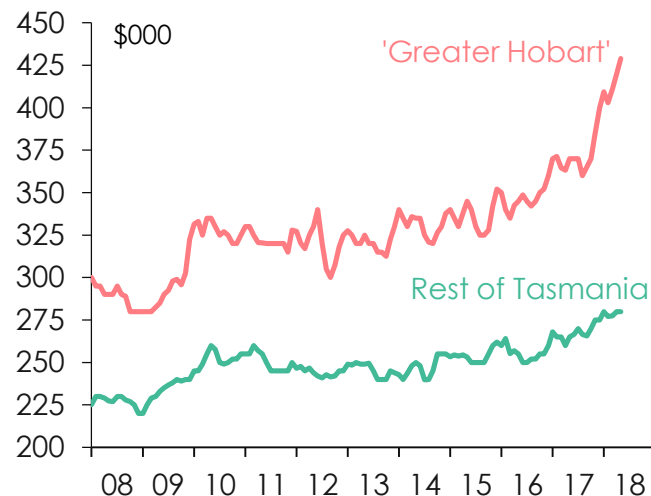
Employment



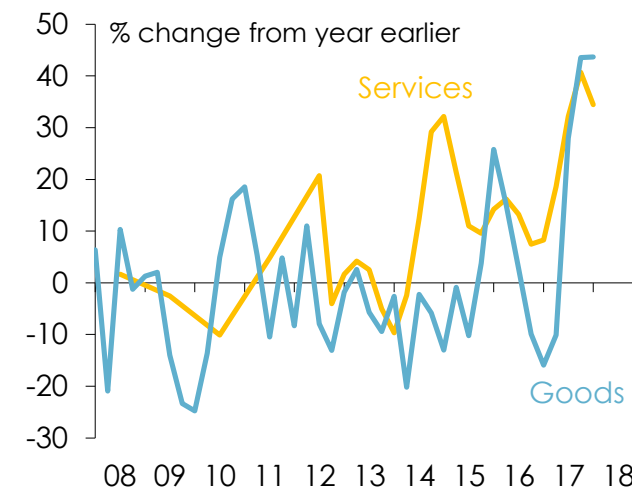
SME business confidence



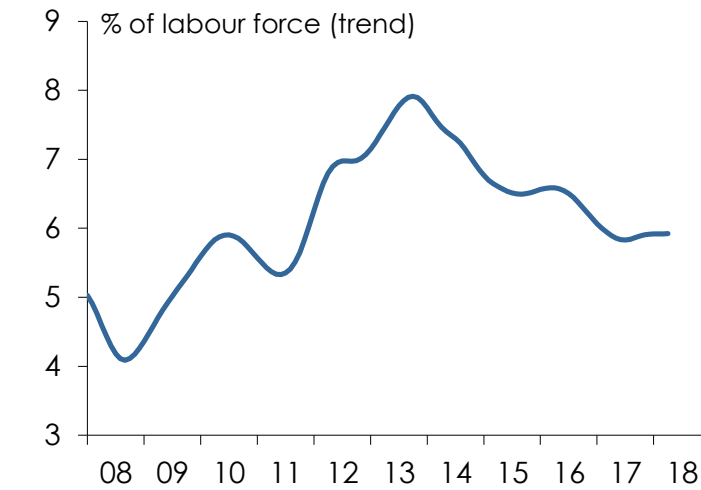
Residential property prices



Exports



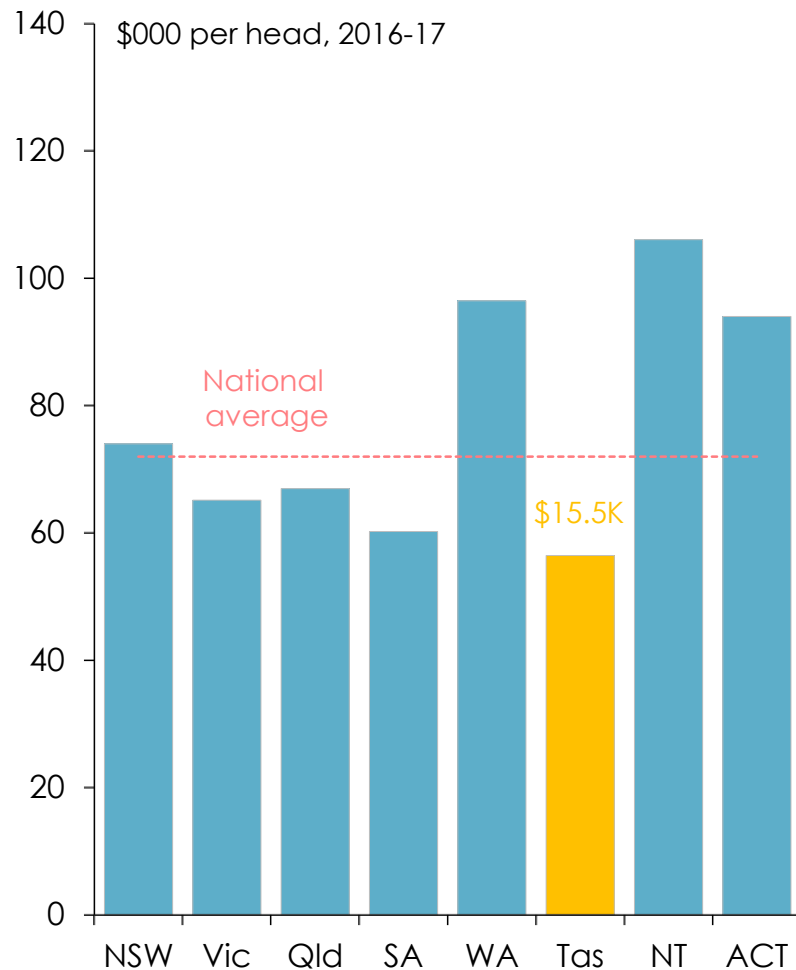
Unemployment



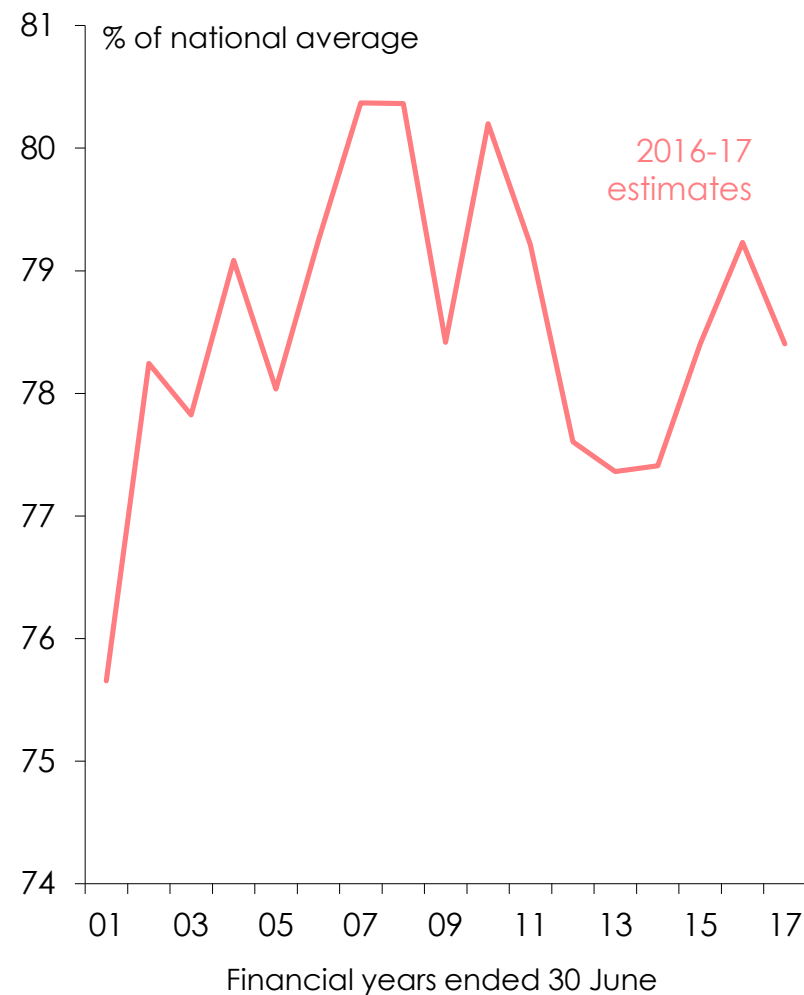
Sources: ABS Australian National Accounts – National Income, Expenditure & Product (5206.0); Sensis, Sensis Business Index; ABS, Building Approvals (8731.0); CoreLogic; ABS, Building Activity (8752.0); ABS, International Trade in Goods & Services (5368.0) and Balance of Payments & International Investment Position (5302.0); ABS, Labour Force (6202.0).

... yet, despite that, Tasmania is still the poorest state in Australia, by a margin which hasn't changed much – and isn't expected to

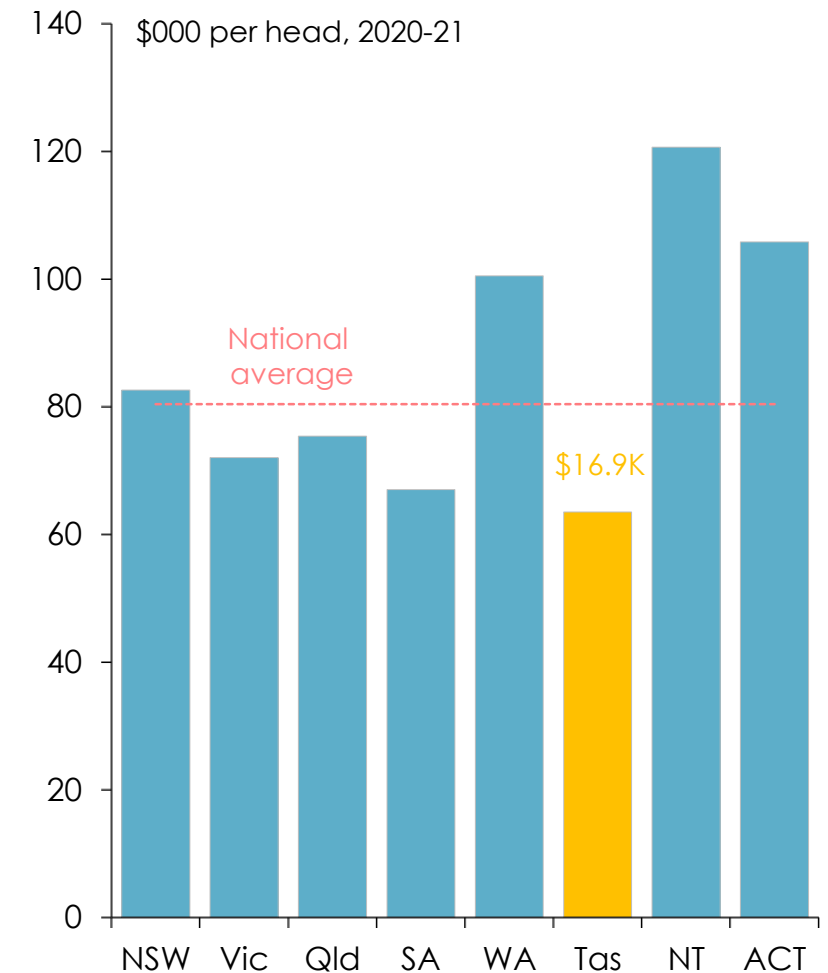
Gross state product per head, 2016-17



GSP per head, Tasmania & Australia, 2001-2017



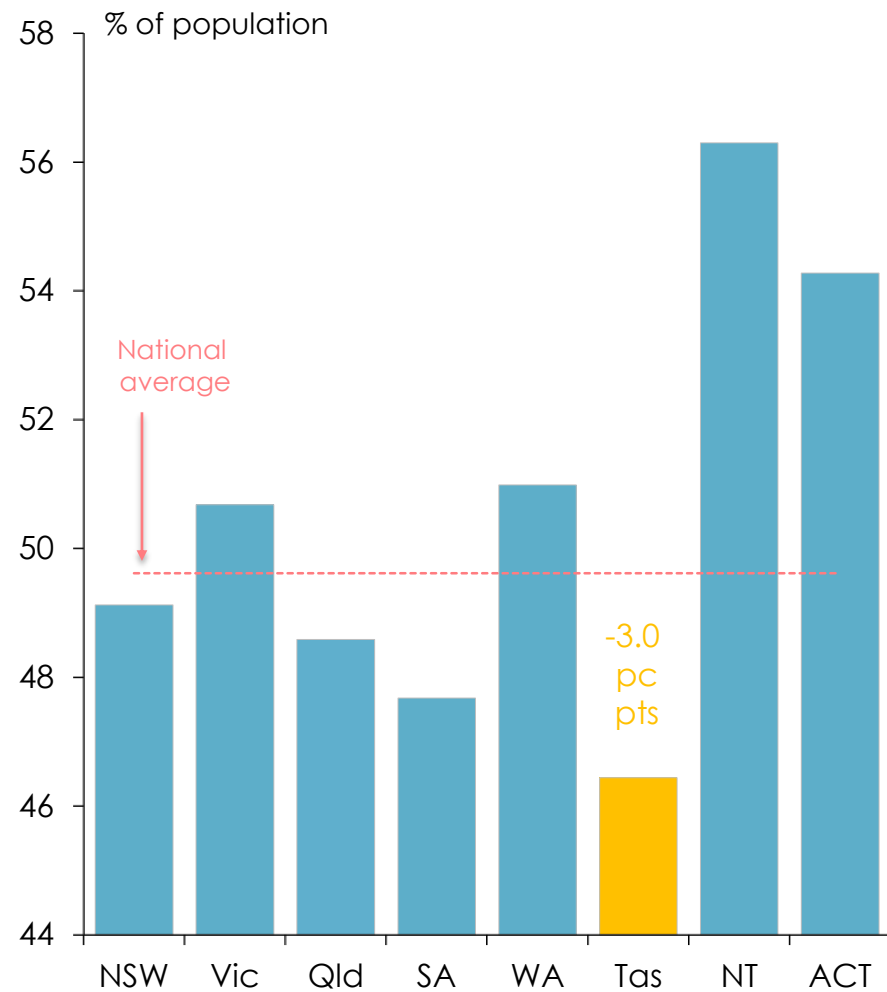
Gross state product per head, 2020-21 forecasts



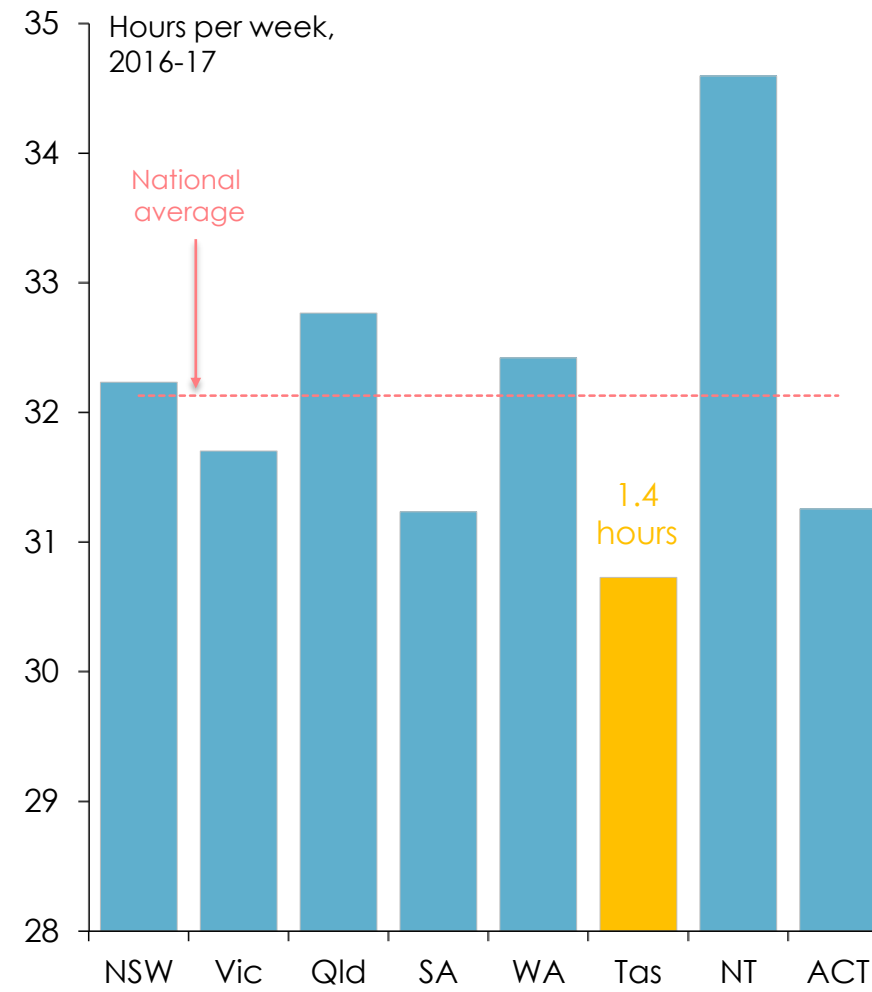
Source: ABS, State Accounts (5220.0), 2016-17 and 2015-16; Commonwealth, State and Territory Government Budget Papers, 2017-18.

Tasmania's below-average per capita GSP reflects below-average participation, below-average hours, and below-average productivity

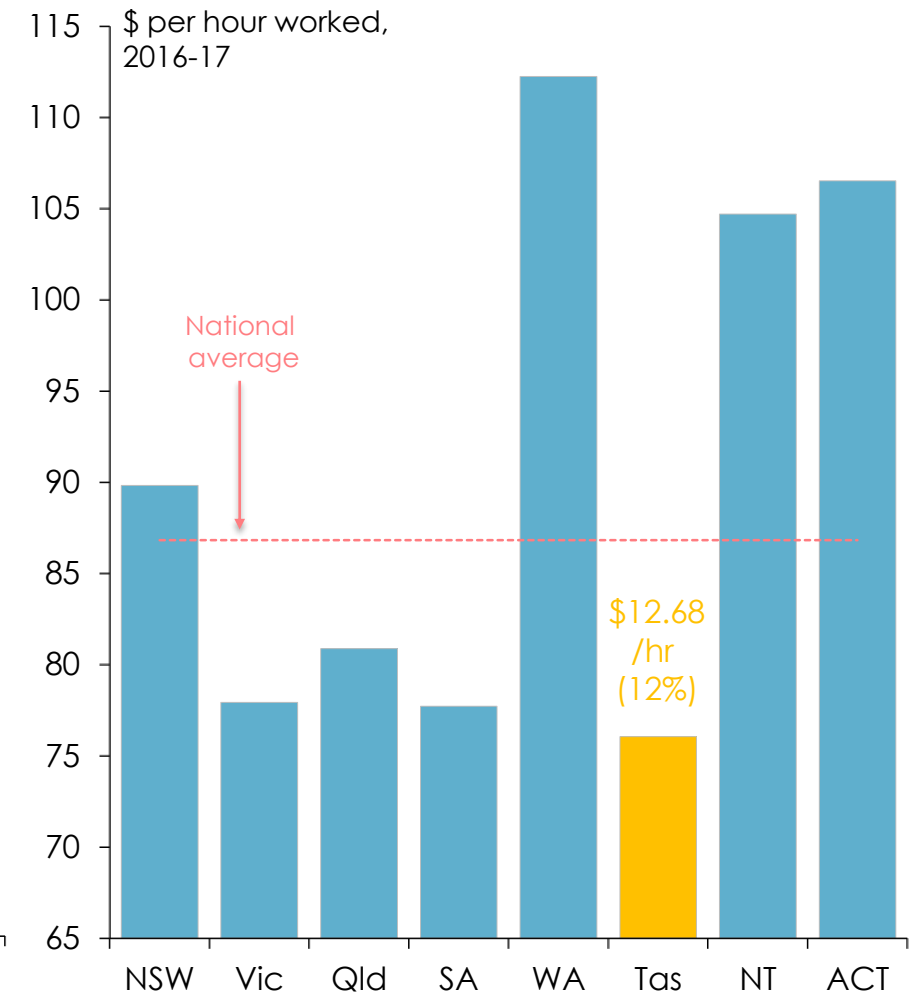
Employment-to-population ratio



Average weekly hours worked



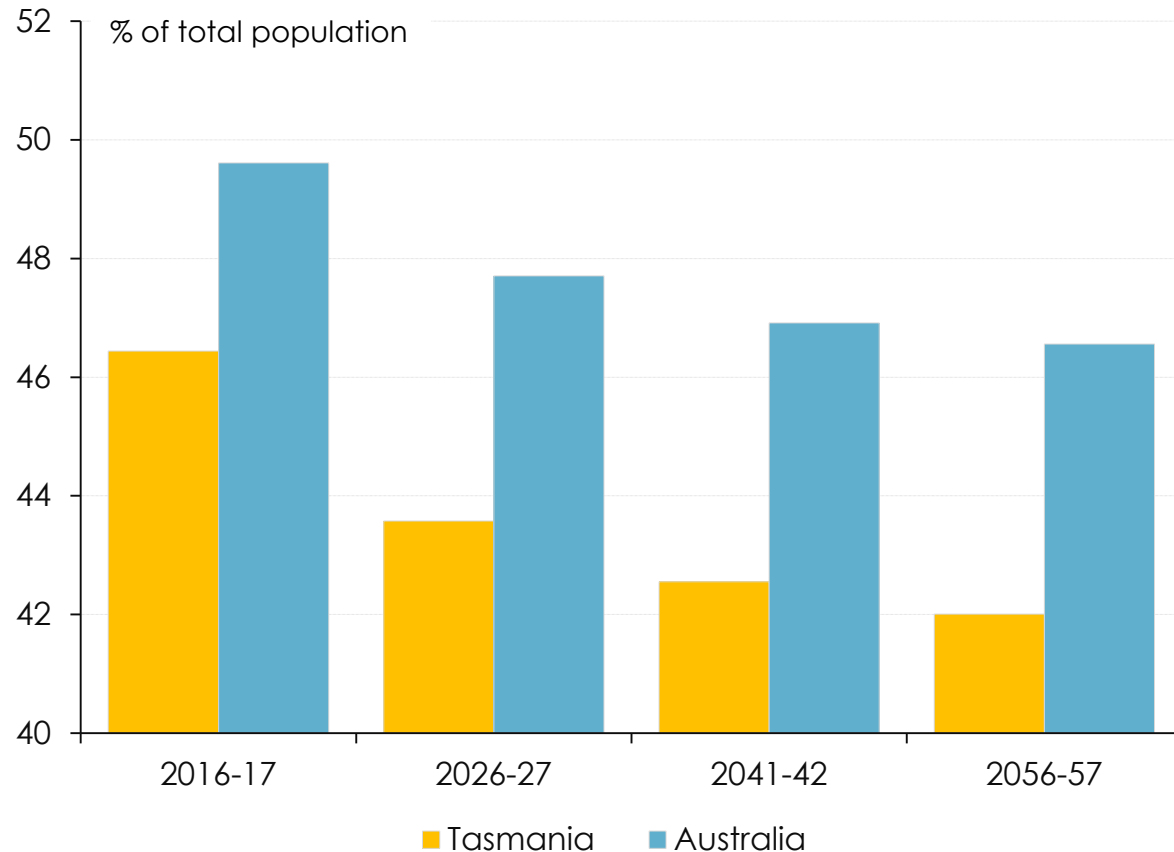
Output per hour worked (labour productivity)



Source: ABS 5220.0 and 6201.0; Corinna Economic Advisory.

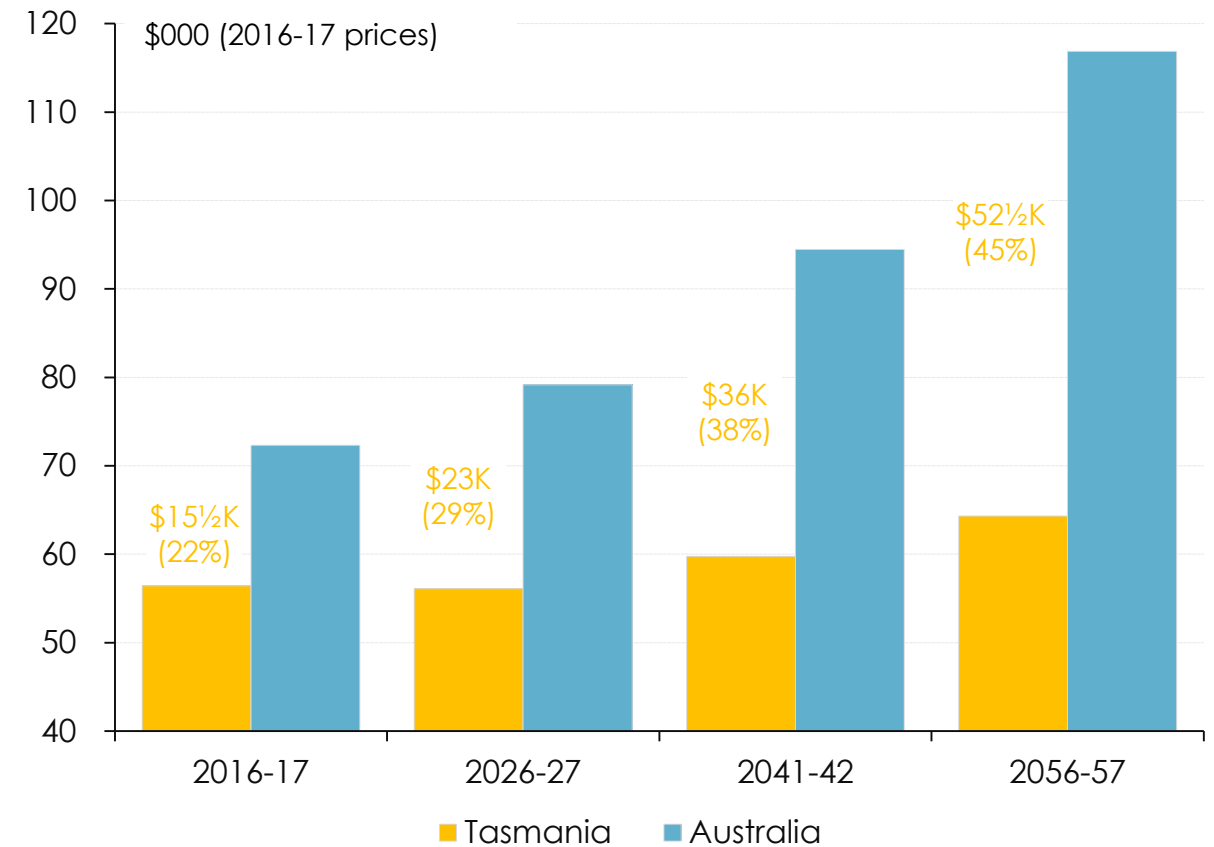
Without changes in employment participation, hours worked or productivity growth, Tasmania will fall even further behind the mainland

Employment rates, Tasmania and Australia, 2016-17 to 2056-57



Assumes no change in age-specific employment-to-population ratios

Gross state product per head, Tasmania and Australia, 2016-17 to 2056-57

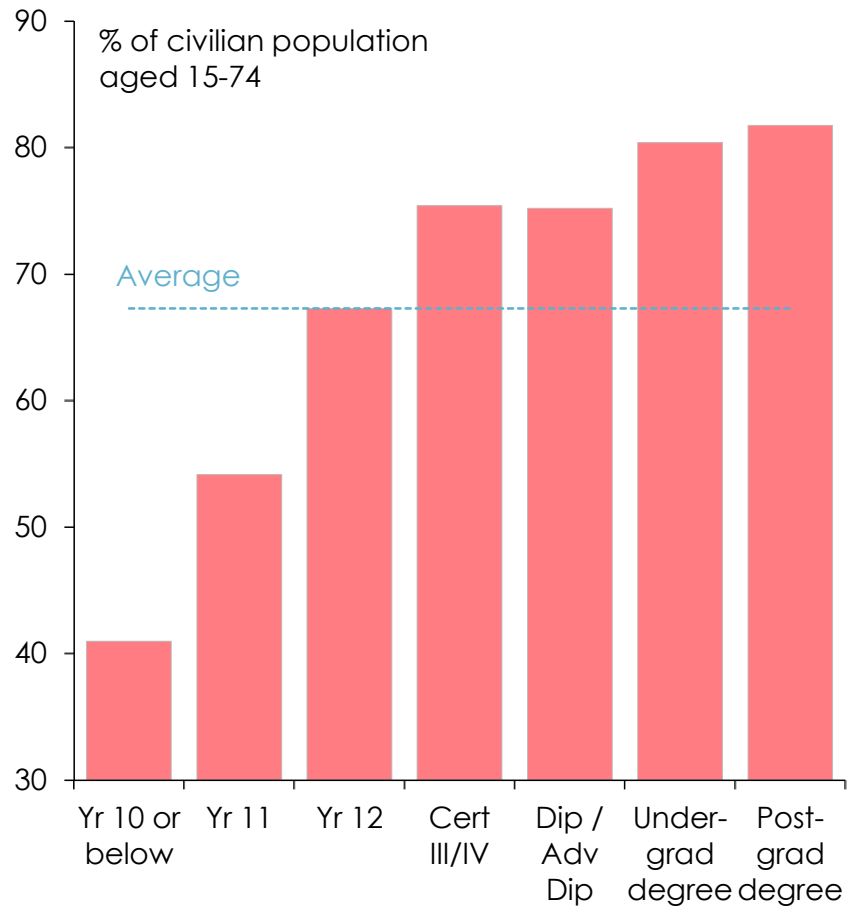


Assumes no change in hours worked from 2016-17 level or in labour productivity growth rates from 2011-12 through 2016-17 averages

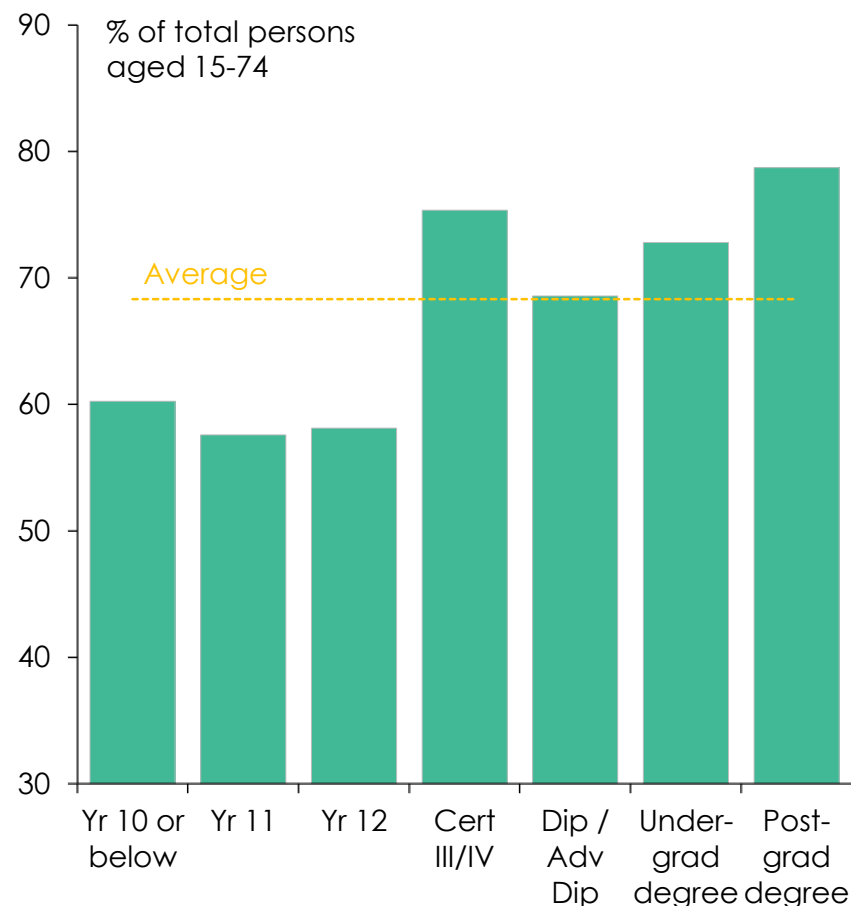
Sources: ABS, State Accounts (5220.0), 2016-17; Labour Force, Australia (6202.0), January 2018 and Population Projections, Australia, 2012 to 2101 (3222.0); Corinna Economic Advisory.

Education is the one thing state governments can influence, which affects employment participation, average hours and productivity

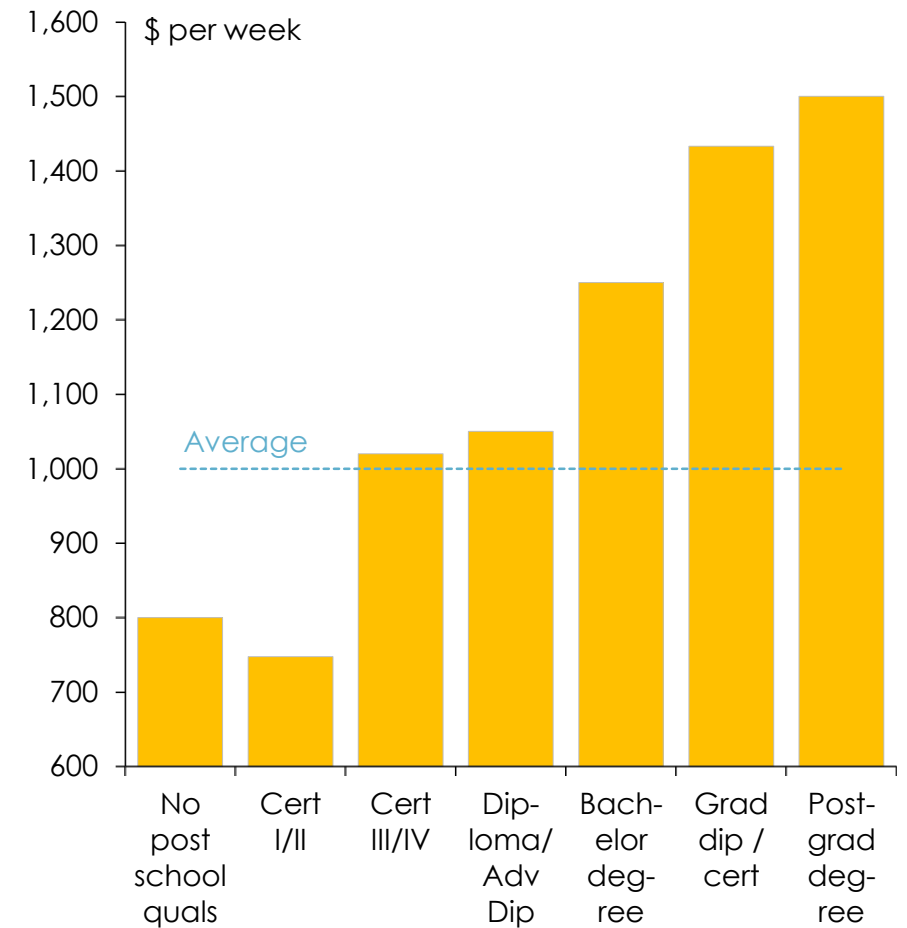
Employment-population rates by educational attainment, May 2017



Full-time employment as a pc of total, by educational attainment, May 2017



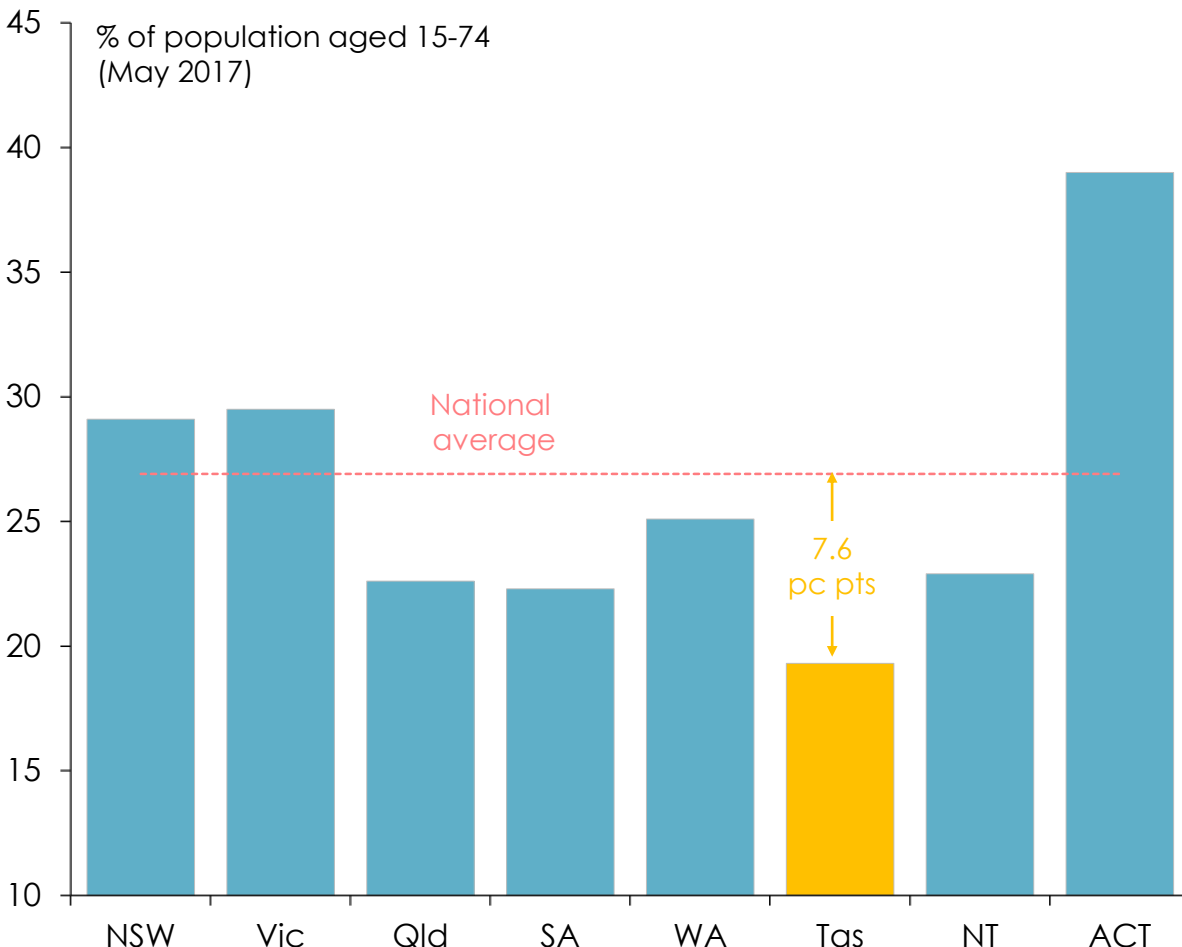
Median weekly earnings by educational attainment, August 2017



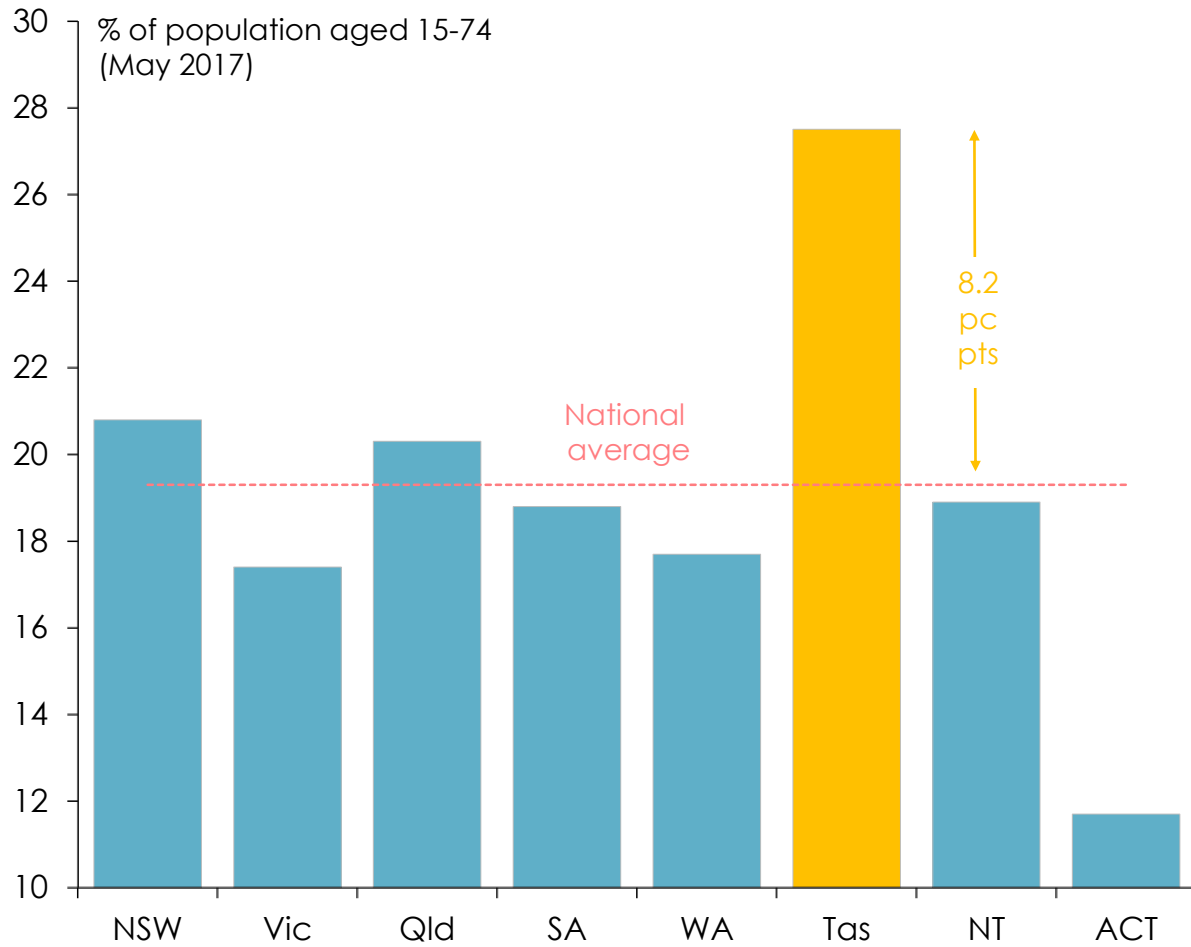
Sources: ABS, Education and Work (6227.0), May 2017; Characteristics of Employment (6333.0), August 2016.

Lifting Tasmania's bottom-of-the-pack educational attainment and participation rates is crucial to improving our economic performance

Population aged 15-74 with a bachelor's degree or higher



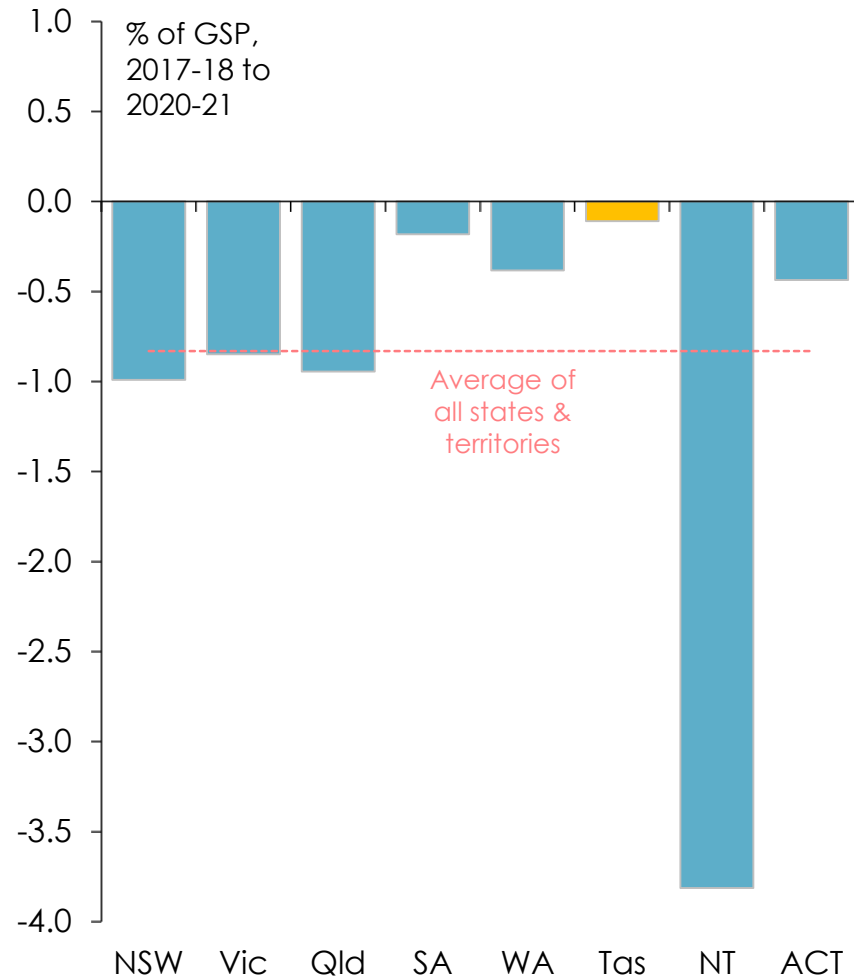
Population aged 15-74 with no qualification beyond Year 10 of high school



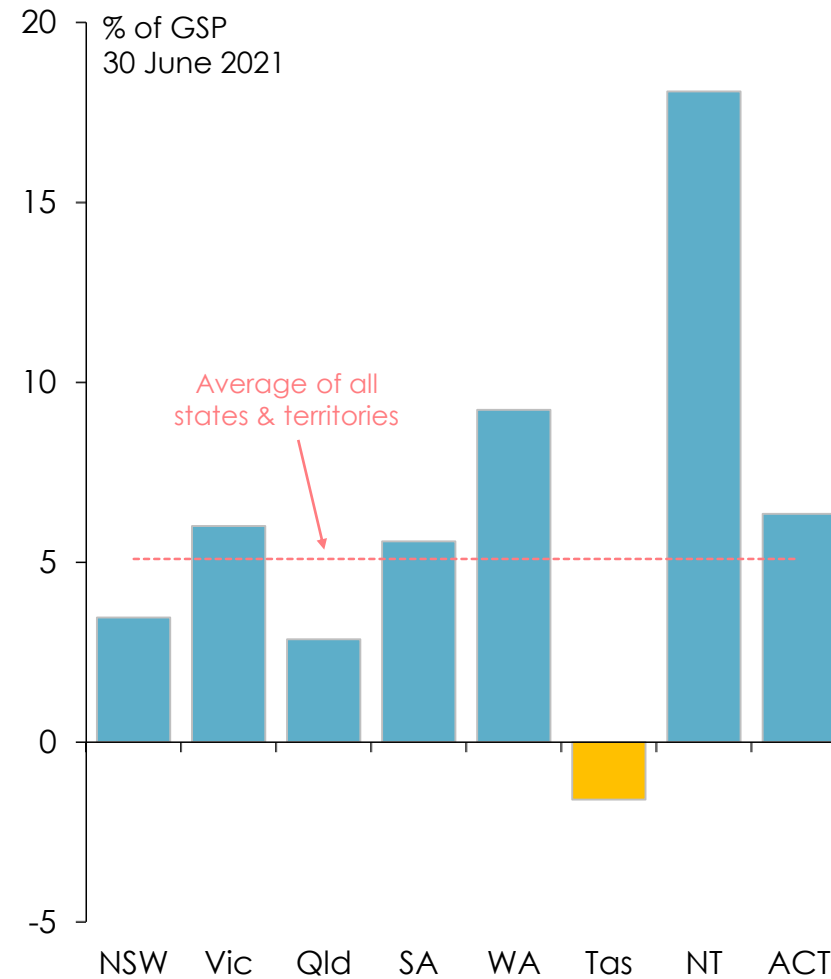
Source: ABS, Education and Work (6227.0), May 2017.

Tasmania's public finances are now in pretty good shape – with one significant exception

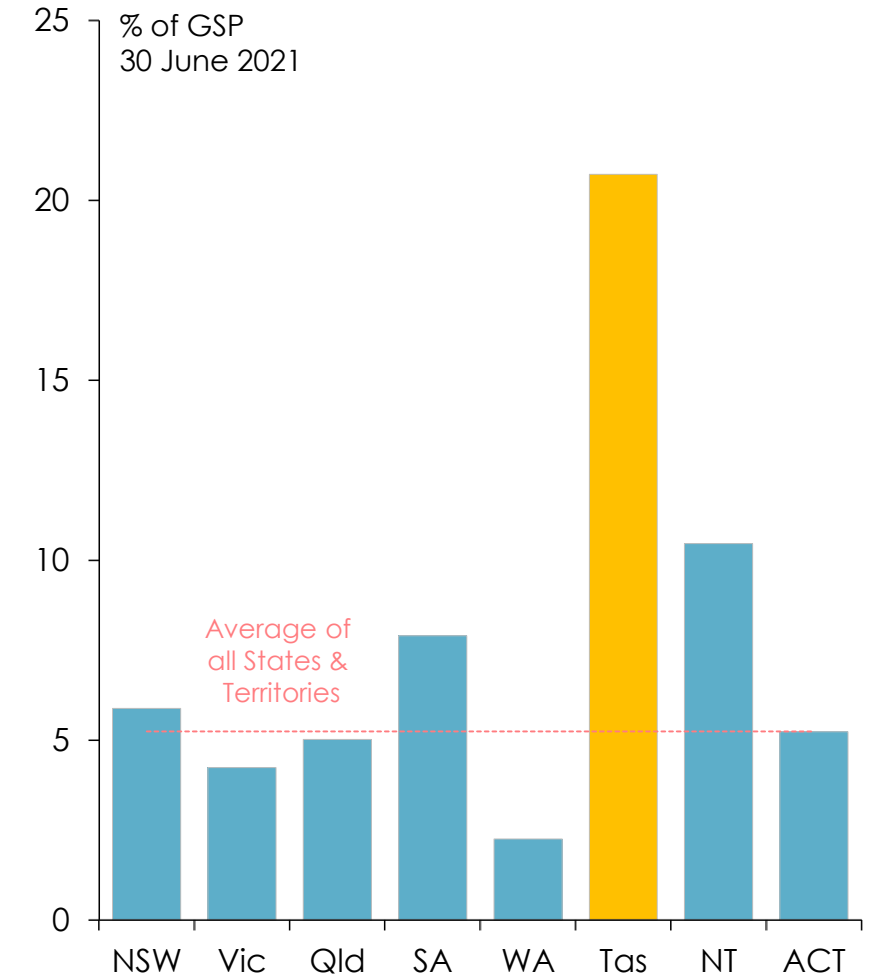
General government cash balance, 2017-18 to 2020-21



General government net debt, 30 June 2021



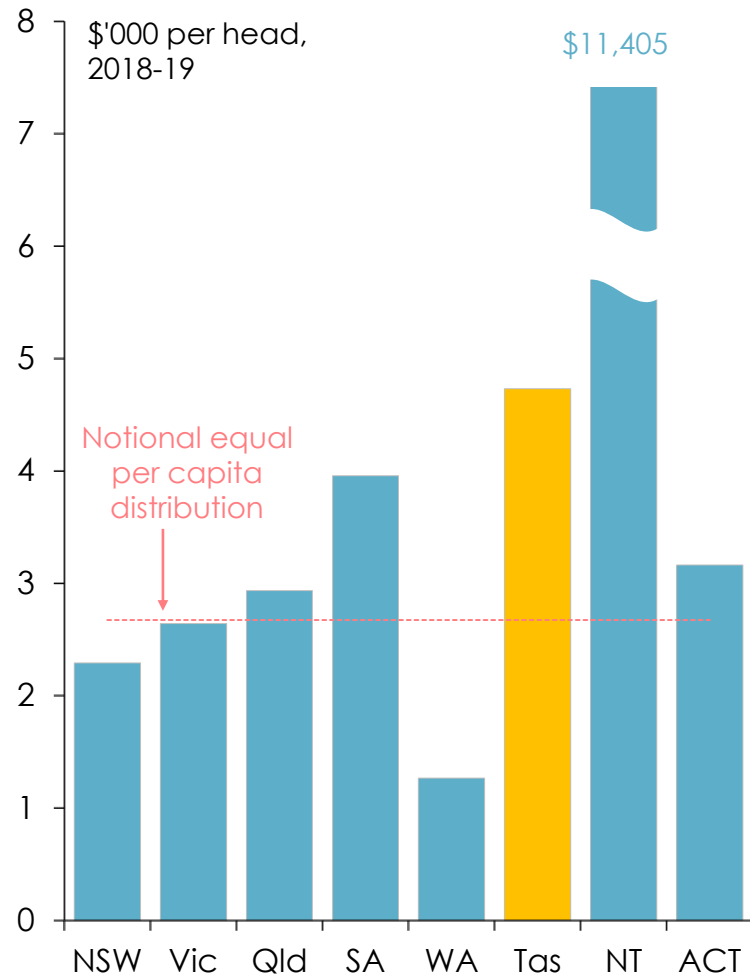
Unfunded superannuation liability, 30 June 2021



Sources: 2018-19 Budget Papers (Victoria, WA and NT) and 2017-18 Mid-Year Reviews (Tasmania, NSW, Qld, SA and ACT).

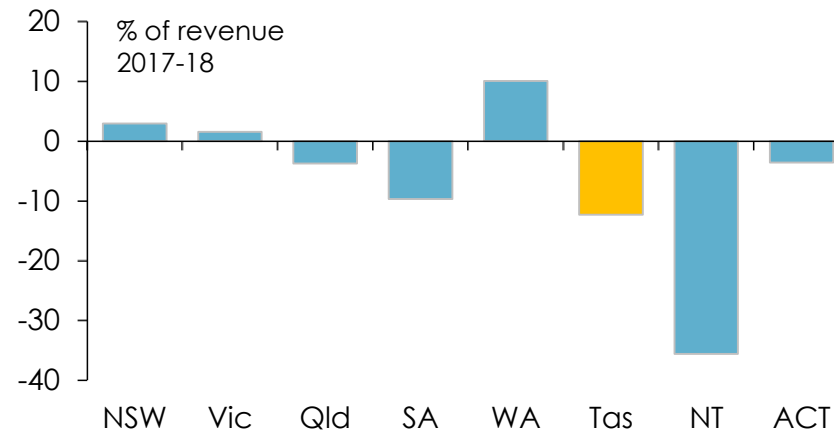
The possibility of major changes to the way in which GST revenue is carved up among States and Territories is a major threat to Tasmania

GST revenue shares per head of population

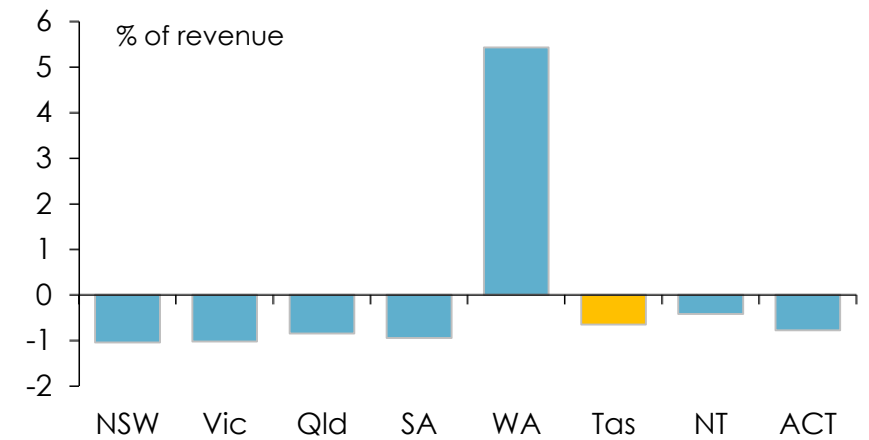


Revenue impact of alternative GST revenue-sharing formulae

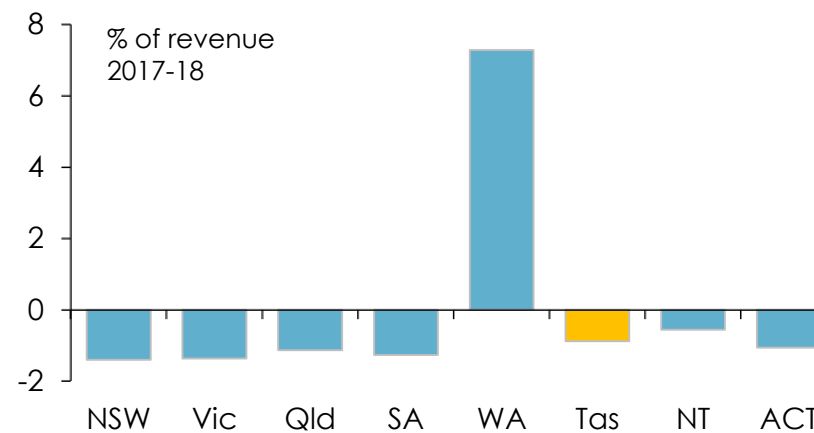
Equal per capita



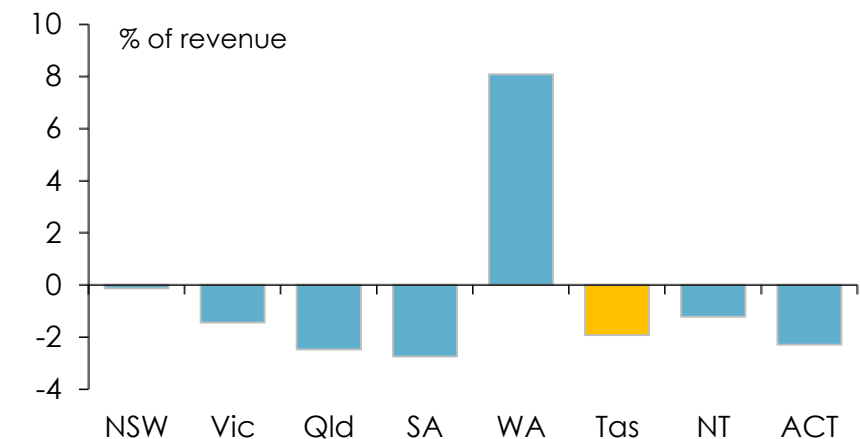
'70% of equal per capita floor'



Equalization to 2nd strongest state



Equalization to all-state average



Sources: 2018-19 Australian Government Budget Paper No. 3, *Federal Financial Relations*; Productivity Commission, *Horizontal Fiscal Equalization – Draft Report*, October 2017.

Some examples of the Salvation Army's social programs

- ❑ **Accommodation and homelessness services – including family and domestic violence**
 - residential homelessness, homelessness support & outreach, family and domestic violence support
 - last year the Salvos supported 698 Tasmanians who were homeless or at risk of homelessness
 - and provided 23,438 bed nights to people experiencing homelessness
- ❑ **Alcohol, drugs and other addictions**
 - transitional housing, residential services, residential detoxification services, non-residential services, gambling services, other non-AOD addictions
- ❑ **Doorways or Emergency Community Relief Centres across Tasmania**
 - personal case management, emergency relief, financial counselling, financial literacy,
 - NILS - No Interest Loans Scheme
 - Last year the Salvation Army distributed 19,857 vouchers to Tasmanians in need
- ❑ **Community engagement**
 - local community responses including Corps-based social programs
- ❑ **Strategic disaster management**
 - Salvation Army Emergency Services, response and recovery
 - Last year the Salvation Army delivered 14,464 episodes of emergency support

What are the benefits for businesses?

- Brand enhancement
- Staff involvement and engagement
- Positive messaging to existing customers
- Outreach to new and potential customers
- Support for those in need
- Ongoing public relations and community awareness