

# The Value of the Northern Territory Nonprofit Sector

SNAPSHOT REPORT 2024



UWA Centre for  
Public Value



**NTCOSS**  
Northern Territory  
Council of Social Service

This study was undertaken by the Centre for Public Value at the University of Western Australia and funded by the Northern Territory Council of Social Service. The Centre for Public Value at UWA is a multi-disciplinary academic group focusing on developing practical research outcomes that are intended to support Australia's human services sector. This includes Not-for-profit and charitable organisations, policy makers, governments, and commentators. Such research outcomes are intended to be industry-ready—that is, they are tools and commentary that are based on high quality research while being focused on implementation and practical supports.

#### Contact Information

Professor David Gilchrist  
Director, Centre for Public Value  
University of Western Australia

✉ [david.gilchrist@uwa.edu.au](mailto:david.gilchrist@uwa.edu.au)

☎ +61 404 515 270

🌐 <https://www.uwa.edu.au/schools/Research/Centre-for-Public-Value>

#### Citation Information

Gilchrist, David, J., and Ben Perks. 2024. "The Value of the Northern Territory Nonprofit Sector Snapshot Report". A report developed by the Centre for Public Value, UWA Business School, for the Northern Territory Council of Social Service, Darwin, Australia.



The Value of the Northern Territory Nonprofit Sector Snapshot Report  
© 2024 by David Gilchrist and Ben Perks is licensed under CC BY-ND 4.0.

To view a copy of this license, visit:

<https://creativecommons.org/licenses/by-nd/4.0/>

#### Cover

Cover image by Steve Johnson from Pexels.

# Contents

---

Key Insights	4
Industry Response	6
Preliminary Comments	7
Background	8
Composition and Function	9
How do NT charities make a difference?	10
Who do NT charities serve?	13
Economic Contribution	14
Employment	14
Volunteers	15
Financial Sustainability	16
Financial Position	16
Financial Performance	17
Revenue	17
Expenditure	18
Profit/(Loss)	18
Concluding Remarks	20
Explanatory Notes	21

# Key Insights

**445**

Total number of charities headquartered in the NT



**10,366**

Total volunteers (approx. \$23 million of value-add<sup>1</sup>)



**11,150**  
Total employees

**8.4% of NT employment**

Comparative industry



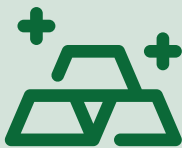
**8.2%**  
Construction



**4.6%**  
Mining & manufacturing



**1.8%**  
Agriculture, forestry & fishing



**\$1.64B**  
Net assets



**\$1.85B**  
Total income



**\$1.45B**  
Total expenses

<sup>1</sup> Under the assumption that each volunteer gives 50 hours annually at an hourly rate of \$45.30 as estimated by Volunteering Australia. See Value of volunteering - Volunteering SA&NT (vsant.org.au)

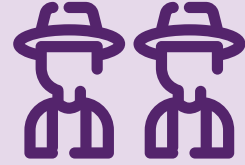
## Top 3 beneficiary groups



Aboriginal &  
Torres Strait Islander  
Peoples



People living in rural/  
regional/remote  
communities



Adults between  
25–65 years old

**899**

Programs delivered to  
the NT community



**41%**

Organisations likely not  
meeting cost increases



## Top 3 main activities



Human services



Religion & faith-based  
spirituality



Arts & culture

# Industry Response

---

I am very pleased that the Northern Territory Council of Social Service has been able to provide the community with a snapshot of the latest review of the social and economic contribution of the Territory's nonprofit sector. This is the third such report and it demonstrates once again that the sector plays a critical role in the life of the NT.

This latest snapshot, based on the ACNC's 2021 data, compares the position and financial performance of the charitable sector in the NT with the previous two reports focused on the 2015 and 2018 respectively. Poor data assets and delays in making data public have meant that the analysis cannot be extended to look at all nonprofit organisations and, as with the last report, we remain convinced that better data is an absolute necessity to achieving the best possible outcomes for the NT community.

With 41% of the charitable sector not meeting cost increases we also remain concerned about the extent to which the sector is sustainable. While the report shows that net asset values have increased since the last report, it is equally clear that the financial pressure the sector is under is growing.

Further, combined with the financial pressure, the sector is also faced with significant workforce issues as we all know. This report highlights that there has been a significant increase in part time and casual contracts being issued to workers and so the job quality of the sector is also in decline—a worrying trend given the workforce challenges already being faced. Again, sustainability is the key issue here.

Through this report, we continue to advocate for greater transparency in the sustainability of the sector, both to demonstrate the contribution the sector makes and also to drive appropriate funding and workforce development over time. To achieve this transparency, better data assets need to be created along with the capacity for analysis.

Finally, NTCOSS acknowledges and thanks the research team at the UWA Centre for Public Value for once again developing this report.

**Sally Sievers**  
**Chief Executive Officer**  
**Northern Territory Council of Social Service**



# Preliminary Comments

---

This report aims to provide the results of an analysis of core operational and financial indicators of the Northern Territory charity sector (the sector) as of December 2021. At the time of writing, this is the latest data available from the charities regulator, the Australian Charities and Not-for-profits Commission (ACNC).

All registered charities, as part of their registry obligations, are required to report on program and financial information annually with exceptions given to small organisations and Indigenous corporations<sup>2</sup>.

This snapshot report builds on the two previous reports in the series commissioned by the Northern Territory Council of Social Service which were designed to evaluate the economic and social contribution, and sustainability status of the sector. The two prior reports evaluated 2015 and 2018 ACNC AIS data.

Given that this is the third in the series, the report presents an important opportunity to observe trends in key indicators related to the composition and sustainability of the wider sector. This opportunity is pertinent given this is the first report developed after the COVID-19 pandemic's initial emergence and stabilisation. With that in mind, year-on-year trends will be presented where appropriate and comparisons made alongside necessary contextualising information.

The findings from the last report<sup>3</sup> identified downward trends across key indicators, such as the number of charities operating, the total service mix and job quality. Where possible these trends are further evidenced with due acknowledgement to recent changes to ACNC's data collection methods.

The AIS dataset does not capture the entire nonprofit sector, only those nonprofits that are registered charities with the ACNC. As a result, other legal forms of nonprofits cannot be incorporated into the analysis. However, data estimates suggest that there are approximately 560 additional economically significant nonprofit organisations operating in the NT, with about 1650 associations being registered under relevant NT legislation currently<sup>4</sup>. Where possible, supplementary data has been included to estimate the contributions of non-charity nonprofit organisations in the NT's sector. However, the content of this report will understate the economic and social contribution of nonprofit organisations in the NT.

It should be noted that while NT charities constitute a relatively minor proportion of the sector, they are considered a materially significant component. Since all charities are nonprofits, it is reasonable to extrapolate the trends observed in their examination. That said, this is not an appropriate substitute for relevant data assets being supplied by the government. The nonprofit self-review requirements to be introduced by the Australian Taxation Office mid-2024 will hopefully facilitate the development of more comprehensive data assets in the future.

---

<sup>2</sup> In both cases, this exemption applies to financial information. In the case of Indigenous corporation under the relevant Act, this information is reported to the Office of Registrar of Indigenous Corporations (ORIC). While the ACNC and ORIC share regulatory information to reduce the burden for organisations, information sharing currently extends to organisation and program details and not to annual financial information.

<sup>3</sup> Gilchrist, D., & Emery, T. (2018). Value of the Northern Territory Not-for-profit Sector. Not-for-profits UWA.

<sup>4</sup> Estimates derived from ABS Business Register and adjusted for population growth in the region. Counts of Australian Businesses, including Entries and Exits, July 2019 - June 2023 | Australian Bureau of Statistics (abs.gov.au)

# Background

---

The Northern Territory nonprofit sector is a significant and essential part of the Northern Territory's economic and social fabric. It is a sector defined by a diverse range of organisations which vary by size, complexity and mission. The sector operates across the full range of policy areas—from health, education and human services to sports, the arts and culture, and environment. It is not unreasonable to suggest that every Territorian will benefit from the contribution of a nonprofit at some point in their lives<sup>5</sup>.

The nonprofit sector is divided into registered charities—those nonprofits that are registered by and report to the ACNC are a subset of the nonprofit sector—and the much larger nonprofit sector that consists of incorporated and unincorporated non-charities. The nonprofit sector is largely responsible for delivering services and supports that improve the lives of NT people and is the engine room for the delivery of many of the NT government's and the Commonwealth government's priority social and economic policies. The sector's contribution must be maintained sustainably in order to continue to achieve program and policy outcomes.

Program delivery infrastructure in the NT as related to National commitments (e.g. National Agreement to Closing the Gap, the National Disability Insurance Scheme), as well as Territory-specific strategies (e.g. Domestic, family and sexual violence reduction framework 2018 to 2028, NT Seniors Policy, Gender Equality Action Plan, NT Community Housing Growth Strategy) will require a strong and sustainable nonprofit sector to deliver and evaluate implementation at the frontline of delivery. As such, the role of government as a major funder and an essential coordinating force for development in the sector should be highlighted as a key audience for the findings in this report.

The nonprofit sector is also vital in the Northern Territory due to significant social challenges (such as a homelessness rate twelve times the national average, children being four times more likely to engage with the child protection system<sup>6</sup>, rising domestic and family violence rates<sup>7</sup> and a relative poverty rate of 15.8% - the second highest in Australia<sup>8</sup>). Post-COVID-19, the complexity of service need has escalated in communities, compounded by extreme weather events, and cost of living pressures. Nonprofits address these issues in partnership with government and other community groups, making them essential in fostering community resilience and improving living conditions in the NT.

Among the Australian states and territories, the NT has unique characteristics and challenges that place pressure on the nonprofit sector and its capacity to deliver effective and sustainable services to NT communities. The Northern Territory has a sparsely distributed and relatively small population with around half of all residents living in the Greater Darwin region. Thirty per cent of the population identify as Aboriginal and/or Torres Strait Islanders, 79% of which live in remote areas. Finally, commensurate with the population, 74% of all businesses are in the Greater Darwin region<sup>9</sup>. As such, services are often required to be delivered to remote locations over a large area with high demand and the need to ensure culturally secure service provision<sup>10</sup>.

Specific to this analysis, the period since the previous report was published included the COVID-19 pandemic and the beginnings of the high inflationary period. The complexity of the pandemic and the resultant government response effects on industries and employment are becoming clearer as information becomes available, however, these influences cannot be disentangled with the data available to us.

---

5 [https://treasury.nt.gov.au/\\_\\_\\_data/assets/pdf\\_file/0011/1070975/Gross-State-Product-2020-21.pdf](https://treasury.nt.gov.au/___data/assets/pdf_file/0011/1070975/Gross-State-Product-2020-21.pdf)

6 See the Northern Territory Human Services Industry: 10 Year Plan (2019-2029). Sector Support - NTCOSS - Northern Territory Council of Social Service

7 New figures show problem of family and domestic violence growing in Northern Territory - ABC News

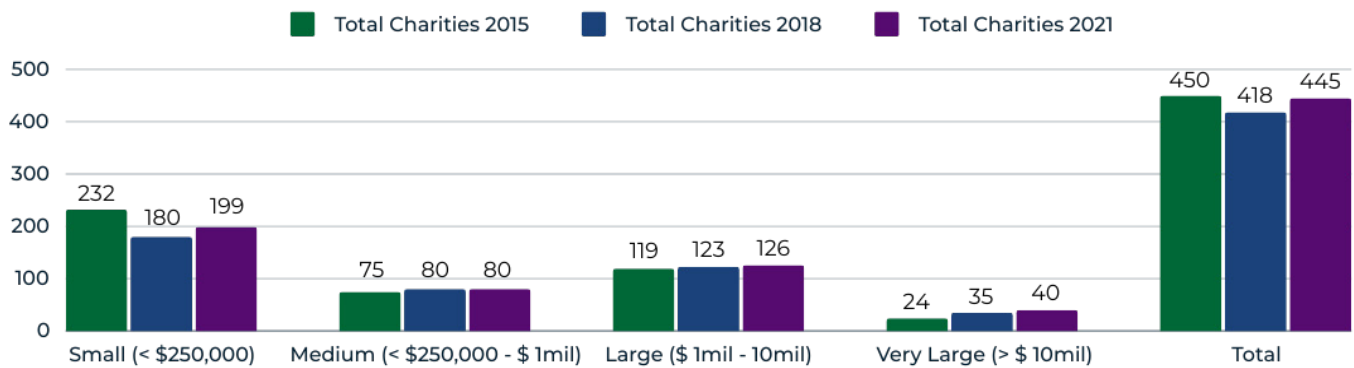
8 Rate of poverty by location in 2019-20, and change in poverty - Poverty and Inequality (acoss.org.au)

9 NT business count infographic - June 2020

10 [https://industry.nt.gov.au/\\_\\_\\_data/assets/pdf\\_file/0017/1041155/nt-state-of-the-economy-june-quarter-2021.pdf](https://industry.nt.gov.au/___data/assets/pdf_file/0017/1041155/nt-state-of-the-economy-june-quarter-2021.pdf)

# Composition and Function

Figure 1. Number of Charities in NT 2015–2021



In 2021, there was a total of 445 charities headquartered and operating in the Northern Territory. This represents a net increase of 27 charities from the year 2018, with 66 exiting the sector and 93 newly operating charities entering the sector. Figure 1 shows the comparative numbers with the previous years. There has been a modest uptick in small charities, but not enough to replace those exiting since 2015. Overall, the number of organisations is trending upwards across all organisation sizes. This could signal an explicit expansion of sector activity in response to greater community demand. Considering the operational context this may also explain the uplift in smaller, more localised organisations. It is possible that some of these organisations were already operating as incorporated associations or other legal entities and became registered with the ACNC thus allowing their data to be captured. Also, inflation-driven bracket creep may explain the small seemingly cascading increases in medium, large, and very large organisations.

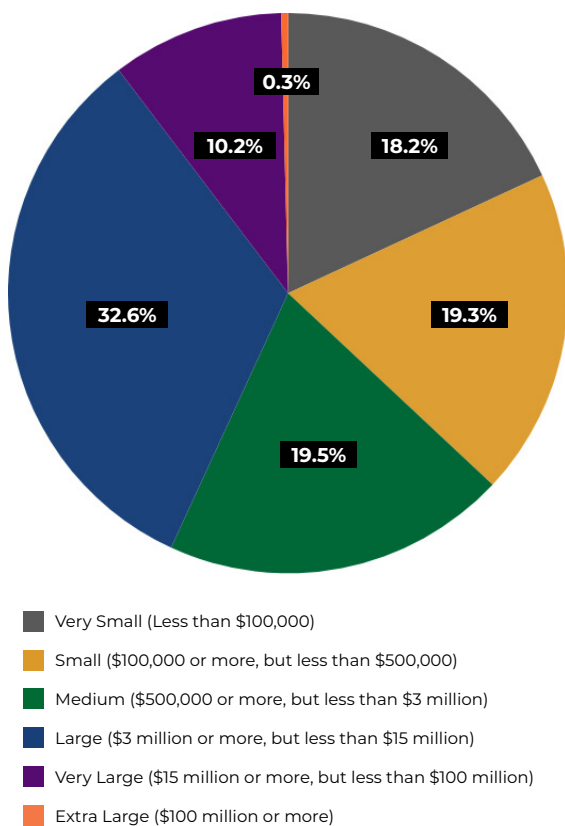
Although we are unable to identify why organisations exited the sector during the period, there is potential for material impact to the sector if the resources held by those exiting

organisations are not retained. Of those organisations exiting the sector, there were 442 paid full-time staff (a net decrease of 7.8%) and 867 volunteers. It is of concern that significant skill and experience may be being lost due to involuntary forms of consolidation. On the other hand, net assets increased by 20% and liabilities alone decreased by 21.5%, suggesting a net increase in sector resources over the period. It is important to note though that asset value increases were not the result of profitable trading suggesting outside sources of capitalisation and/or asset revaluation.

Turning to just 2021 numbers, small charities (those with a gross income of less than \$250,000) still constitute the main category by size consistent with the national aggregate profile. Figure 2 provides a further breakdown of size using the OurCommunity CLASSIE system<sup>11</sup> to differentiate size. The chart shows that 18.2% of NT charities can be classified as very small and just over 10% of charities as very large. The majority share of charities falls into the 'Large' category (32.6%) with a gross income of between \$3–15 million. Ten percent of charities operating the NT were classified as Basic Religious Charities.

<sup>11</sup> See CLASSIE - Classification of Social Sector Initiatives and Entities - ourcommunity.com.au

**Figure 2. Organisation Size**



Overall, the distribution by size is even across organisation sizes. While this does not say much about operational capacity or coverage by charitable activity, it does suggest a few positive sector characteristics. Namely, the distribution implies the presence of localised community engagement, as well as a degree of resilience from larger organisations. The distribution may also present opportunities for organisations to collaborate and to scale sector-driven innovations. That said, it is important to understand why some charities are leaving the ACNC register beyond simple assumptions about consolidation based on possible differences in efficiency. Unfortunately, current data assets do not allow us to investigate this aspect.

### How do NT charities make a difference?

Charities play a vital role in addressing the diverse needs of the Territory’s communities. This section will present the range of program types being delivered by these charities, as well as the

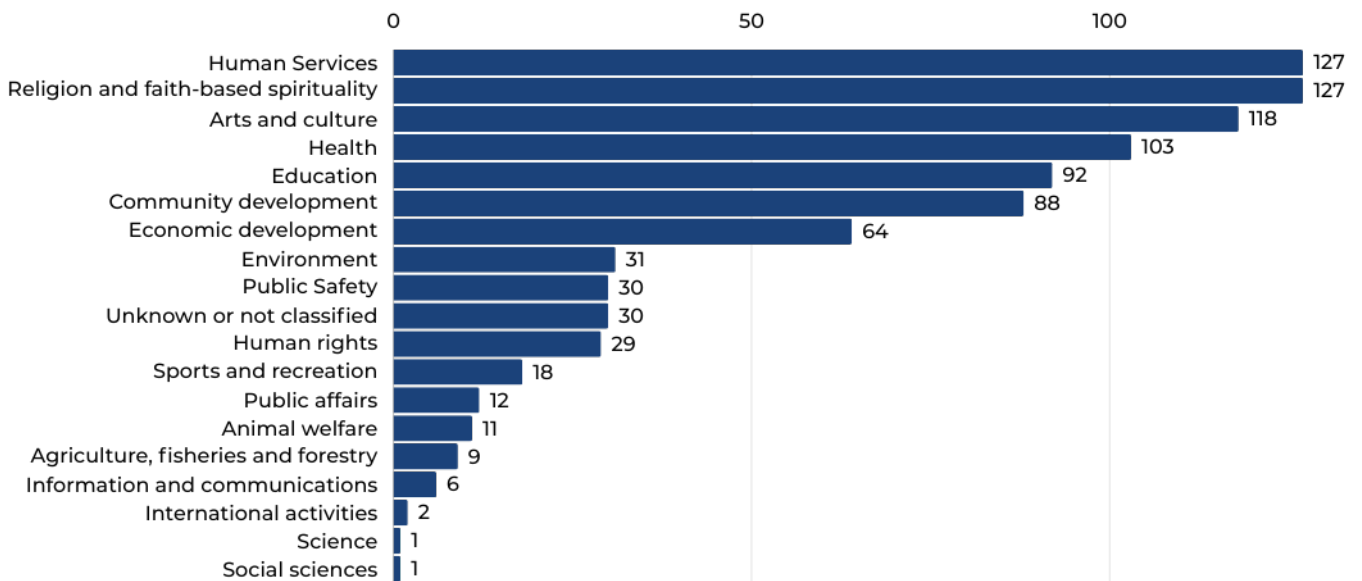
beneficiaries of those programs. Altogether, there were 2597 programs delivered by all charities operating in the NT, 899 or 35% of which were delivered by NT headquartered charities. This suggests that a significant portion of service coverage is likely to come from interstate organisations which places an emphasis on ensuring that relevant laws and regulations are not creating undue burden on those organisations operating across jurisdictions. It also demonstrates that the sector’s economic and social contribution demonstrated via this report and using ACNC data is under-estimated as we have only been able to effectively analyse those registered charities headquartered in the Northern Territory.

From 2020, the ACNC changed how it requires charities to report their activities. Instead of reporting a main activity and number of other activities, activities are reported at the program level using the OurCommunity activity classification system<sup>12</sup>. This means that a one-for-one comparison with previous reports cannot be undertaken. However, it does present an opportunity for standardised measurement of service coverage in more detail for future analysis. Worth noting is that each charity can report any number of programs, thus this new information format may be better at displaying service coverage (service mix) rather than organisation-level service breadth. Further data manipulation would also allow the linking of programs and specific charities, but this is beyond the scope of this report.

There are some parallels that can be drawn from early findings. The frequency of activity type remains relatively unchanged from 2018, with human services (14.1%), religion and faith-based spirituality (14.1%) and arts and culture (13.1%) being the most cited programs. Economic, Social and Community Development, which was the highest reported activity in 2018, has been de-categorised into the Human Services, Community Development and Economic Development classes. As can be seen in Figure 3, the latter two classes are the 6th and 7th most engaged program types by charities in 2021.

<sup>12</sup> See CLASSIE - Classification of Social Sector Initiatives and Entities - ourcommunity.com.au

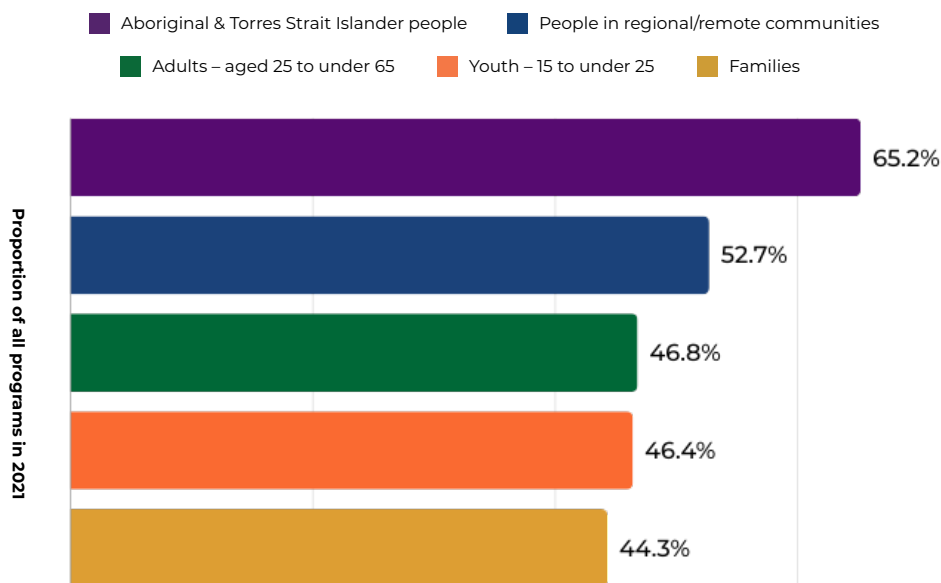
**Figure 3. Programs by Classification**



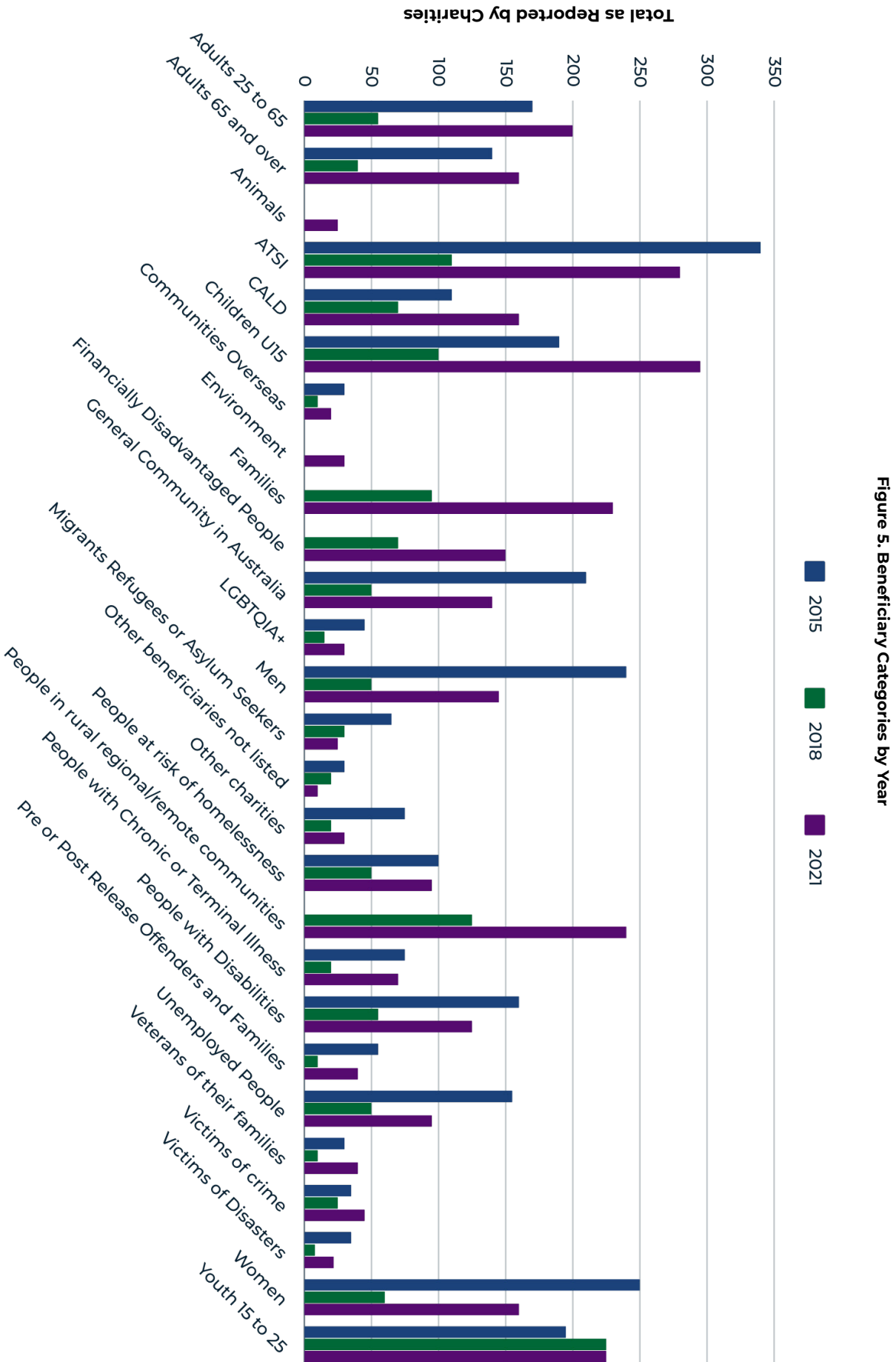
In the 2018 report, a contraction of 48% was observed in the service mix provided across NT charities. This meant that the range of activities being reported had reduced. There is some conceptual overlap between program number and other activity if it is assumed that each program administered is not within the same activity type. Considering the tiered CLASSIE system, this is not likely the case. Regardless,

the average number of programs per charity was 1.65, which is similar to the spread found in the 2018 report of 1.52 activities. The variance by charity was 1.34, meaning that around 91% of charities have 2 programs or less and the remaining 9% have more than 2<sup>13</sup>. Additional analysis of the 2020 AIS data would help to show changes in service coverage across the whole sector using consistent program classifications.

**Figure 4. 2021 Top 5 Beneficiary Types By Total Programs**



<sup>13</sup> This distribution is based on the truncated mean and standard deviation of the sample. Because each charity must have at least one program, the normal distribution assumption is not appropriate.



14 To enable consistent one-to-one comparison, child under 15 have been compiled into a single indicator. The all-ages indicator has been dismantled to separate rural and regional communities, families, and financially disadvantaged persons. Environment and animals were included for a fuller picture of sector beneficiaries.

## Who do NT charities serve?

Within their AIS submissions, charities can report 28 beneficiary types as recipients of their activities. Like the change in recording by program activity classifications, the ACNC has begun requiring charities to report beneficiary categories at the program rather than the organisation level. Again, the CLASSIE classification system is now used to provide a more fulsome standardisation of beneficiary categories.

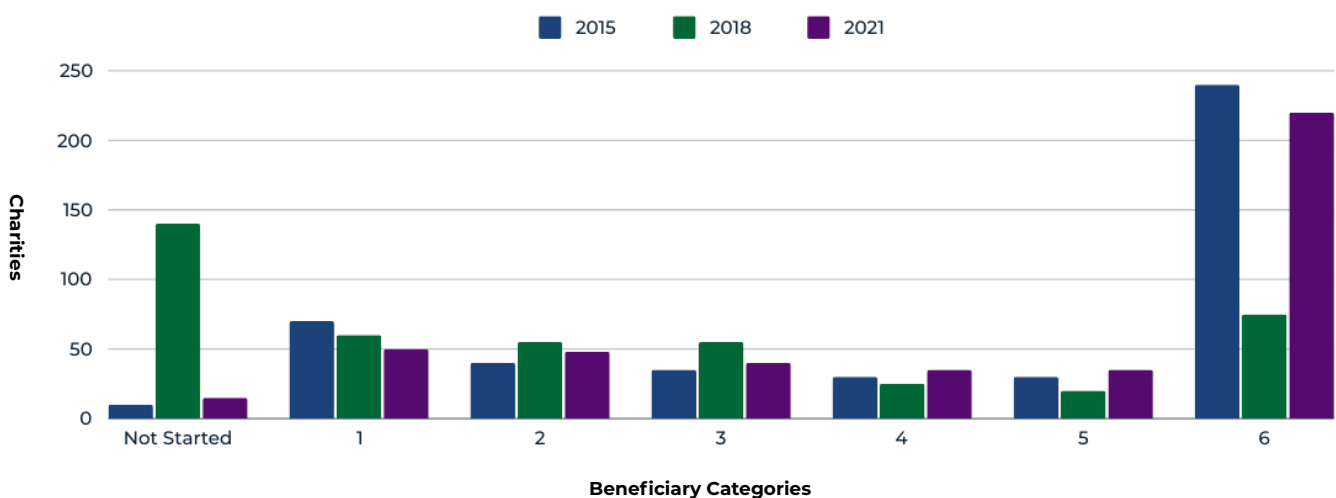
The highest assigned beneficiary categories were consistent with 2018, with Aboriginal and Torre Strait Islander people, people in rural and remote communities and families being the top 3 categories. As can be seen in Figure 4, most programs target these populations in their services, as well as more generally youth and adults between the ages of 15 and 65.

To enable year-on-year comparisons, beneficiary categories have been collated at the organisation level<sup>14</sup>. Figure 5 displays all beneficiary categories from 2015 to 2021. There has been an increase across all categories from 2018 levels, however, many have still not returned to the higher levels last seen in 2015. It is unclear if this is a result of the new emphasis on the program level and growing comfort among charities to report a wider spread of beneficiaries or a result of a necessary broadening of scope to

align with funding preferences and outcomes-based reporting. Of note, there has been a near doubling of charities aligning their activity with Aboriginal and Torres Strait Islanders, financially disadvantaged persons, families, and people in rural/regional/remote areas from 2018 levels, though ATSI-reported focus has not returned to its 2015 high.

It is important to assess whether a change in the number of beneficiary categories has occurred since 2018. A retraction may be a sign that charities have needed to focus their activities to reduce operational costs while an expansion can suggest a growing complexity of community need. A year-on-year illustration of this information is provided in Figure 6, with beneficiary categories beginning from 1 to 6 types and over. At first glance, it appears that organisations are either expanding the breadth of recipients or they are recognising a broader beneficiary range. It is difficult to determine the effect of the change to assigning beneficiaries by program in the 2021 data. The underreporting of categories in 2018 makes further interpretation difficult. On closer inspection of the 2021 data, just over 25% of organisations reported serving over 12 beneficiary categories, which may distort actual service targeted in the community. The median number of categories across all organisations reported is 6 beneficiary types.

Figure 6. Beneficiaries Categories by Charity



# Economic Contribution

---

Nationally, it is becoming better understood that the nonprofit sector contributes significantly to the Australian economy. This is no different for the Northern Territory economy and its related nonprofit sector. Sector economic outcomes are realised through the provision of employment (while this sector is one of the largest employers low remuneration levels mean that wages are translated to consumption, driving economic growth), economic relations with other sectors, improving broader worker productivity and cost savings via preventative community interventions.

As mentioned previously, data accurately and fully estimating the gross economic contribution is not easily accessible if available at all, thus, proximate estimates are often cited. For example, NT government calculations place most material nonprofit activity within the second largest sector of the NT economy – the Government and community services sector. Restricting the estimate to the health care and social assistance sector, the lower bound of the sector’s macroeconomic contribution can be said to be 7.5% of the NT’s Gross State Product. This estimate places its contribution at more than construction, retail and wholesale trade and agriculture, forestry, and fisheries, as well at a quarter of that of NT’s largest contributor, the mining sector (27.5%)<sup>15</sup>.

## Employment

In 2021, Northern Territory charities employed 5503 full-time, 2399 part-time and 3248 casual employees by head count, representing a total workforce of 11,150. With a Territory-wide workforce of 132,000 in 2021, this accounts for 8.4% of all employment in the NT as compared to mining and manufacturing (4.6%), construction (8.2%) and agriculture, forestry and fishing (1.8%).

Total employment growth for the period was 5.8%, with incoming part-time workers largely driving the expansion. Compared to the 36.4% increase in casual employees in 2018, the 2.4% growth for 2021 is unexpected. However, this could be the result of a number of events between 2018 to 2021. For instance, the casual conversion rules were introduced in late October 2018 by the Fair Work Commission, placing an impetus on part-time contracting. Another possibility, the exclusion of some casual staff under the JobKeeper scheme, may have resulted in a recouping of casual numbers lost during 2019–2020. Lastly, the data say nothing of sector underemployment or the prevalence of minimum hour contracting to lower the upfront wage costs while maintaining labour flexibility. Regardless, the disaggregated numbers should be placed within broader employment trends and within-sector retention and vacancy rates.

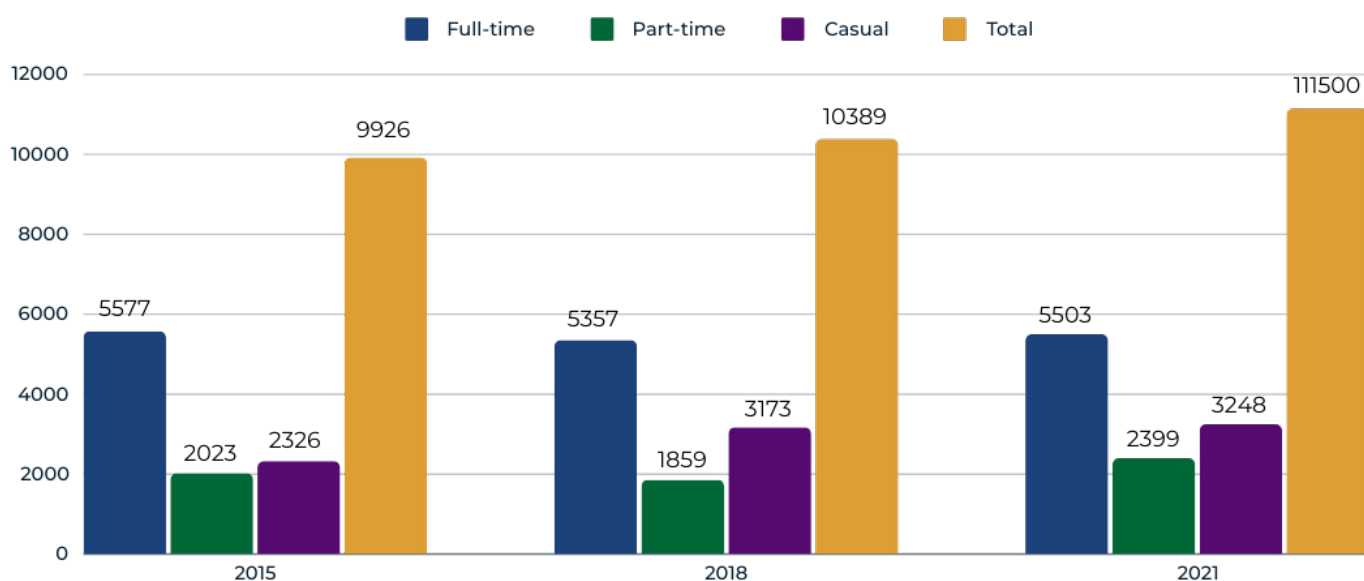
Consistent with early reporting, job quality has reduced with an increase in flexible and insecure contracts negatively impacting sector sustainability<sup>16</sup>. The current data shows a 7.8% net-decrease in full-time equivalent jobs from those charities exiting the sector. These jobs are being replaced by part-time and increasingly casual employees so that the exit of organisations has resulted in lower employment levels and a reduction in job quality. This is commensurate with previous studies. Figure 8 illustrates the workforce share across the three contract types. Recognising that the inner circle is the 2015 data, the middle ring 2018 and the outer ring, 2021. The trend shown is towards a growing share of casual workers and part-time contracts. Job quality is an integral aspect of sector effectiveness. As such, this trend should be investigated further and considered intently when the discussion turns to charity expenses and profitability.

---

<sup>15</sup> Northern Territory Government. (2023). Budget 2021–2022: Northern Territory Economy. Northern Territory Government. Budget 2021–22: Northern Territory Economy.

<sup>16</sup> For instance, see: Gilchrist, David, J., and Clare T. Feenan. 2023. ‘Economic Paper 4: Job Quality Threats to Human Services Sustainability’. Working Paper Series on the Economics of Human Services, Centre for Public Value, UWA Business School, Perth, Australia

**Figure 7. Employment 2015–2021**



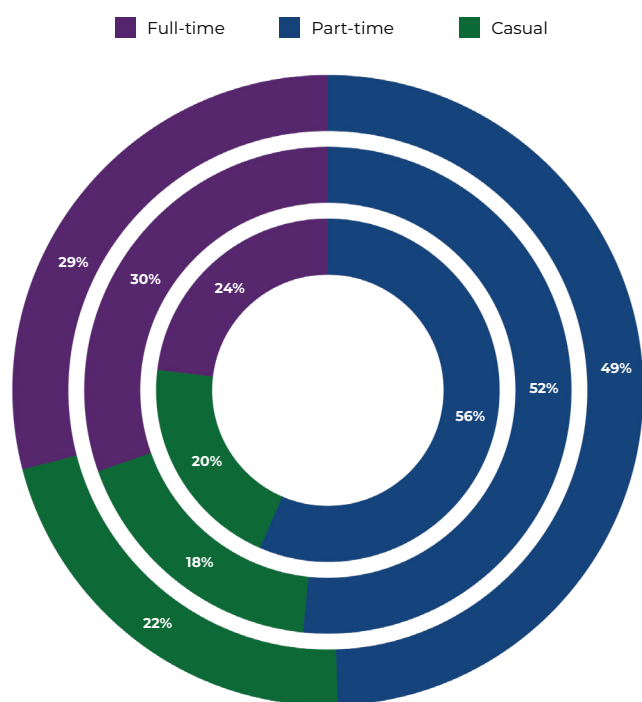
## Volunteers

The prevalence and diverse value generated through volunteering is a defining feature of the nonprofit sector. Much of the richness and localised engagement attributable to the sector is the result of the contribution of time and skills by volunteers. Ensuring that the voluntary

component is functioning well is essential to the overall economic and social outcomes aspired to by the sector and government.

There were 10,366 formal volunteers engaged by NT charities in 2021, down 662 (↓6%) volunteers from the 11,028 reported in 2018. Twice the number of volunteers left organisations that remained operational from 2018 than those that joined the sector through newly active charities. However, more organisations engaged volunteers with 71.8% of charities deploying volunteers up from 70.3% in 2018.

**Figure 8. Share of Employment by Contract**



OUTER RING – 2021; MIDDLE RING – 2018;  
INNER RING – 2015

The number of organisations that operated without any paid staffing was 144 (32.4% of all organisations), of which 90% were very small or small charities. Small and very small charities had employee to volunteer ratios of 1:96 (1 staff member to 96 volunteers) and 1:14 respectively, suggesting a prevalence of volunteer activity at the local level.

The distribution of volunteers remained consistent with 2018 numbers, with there being a slight increase in those deployed by medium to large organisations. Indeed, medium, and large charities deployed 58% of all volunteers reported in 2021.

# Financial Sustainability

## Financial Position

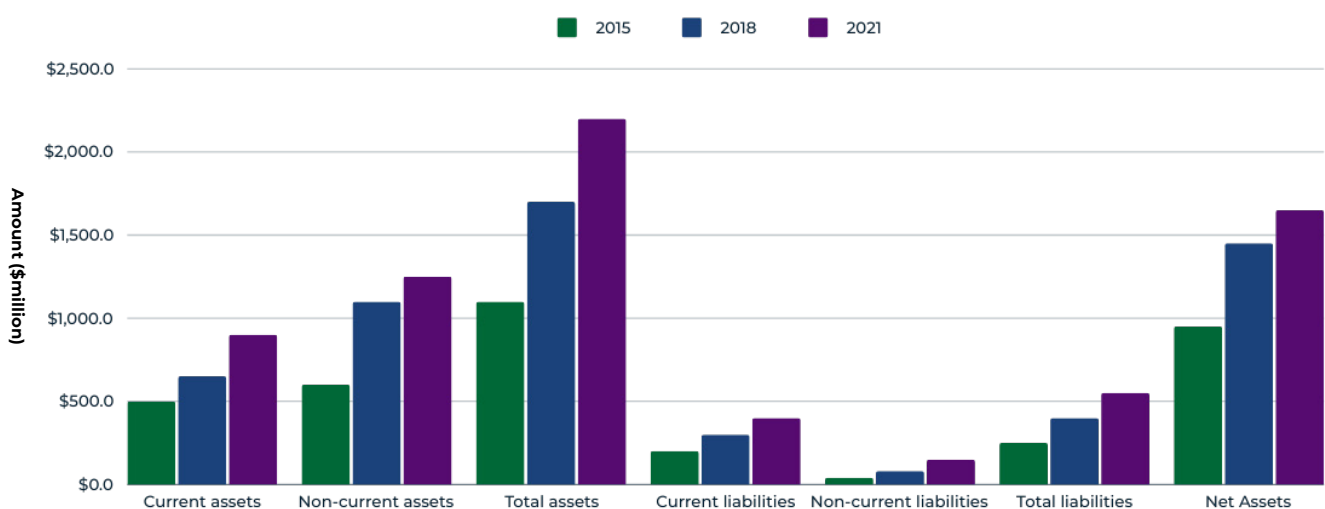
To understand the financial sustainability and capacity of a sector it is important to consider the information provided by the balance sheet. An organisation’s financial position is informed by the relationship between its assets and liabilities as well as the extent to which it operates profitably over time. Using ACNC data, a snapshot of the aggregated values of these key balance sheet items shows the year-on-year change in the financial size and economic significance of the charity sector. It is a satisfactory proxy of the resources marshalled by the sector for the public benefit.

Caution is advised when interpreting these values as funds can be restricted by funders to particular uses, disallowing charities from employing these funds during times of financial stress. Thus, these amounts are likely not indicative of the sector’s true financial position but rather they are reflective of the best-case scenario.

In 2021, charities headquartered in the NT reported net assets of \$1.65 billion, a 17% increase from the 2018 data. Total assets were reported as \$2.21 billion (23%↑) and total liabilities as \$552 million (44%↑)<sup>17</sup>. As previously stated, it is important to note that asset value increases were largely not the result of profitable trading suggesting outside sources of capitalisation and/or asset revaluation. The increase in liabilities was driven exclusively by those organisations that remained operating from 2018. When comparing new entrants and departing charities only, there was a 22% decrease in total liabilities alongside a 6.7% increase in total assets.

Assets and liabilities are classified into current and non-current groupings. Current assets and liabilities will be realised within 12 months while non-current assets and liabilities will be realised at some point after the expiry of 12 months. These accounts have changed considerably since the previous report. A graphical illustration of the year-on-year changes of current and non-current assets and liabilities is provided in Figure 9.

Figure 9. Assets and Liabilities 2015–2021



<sup>17</sup> All amounts have been adjusted to represent 2015-dollar values.

What is instantly noticeable is the marked increase in the value of non-current assets (typically land, buildings, motor vehicles) which may suggest an increase in investment in sector infrastructure as well as the revaluation of real property. However, when considered alongside the steeper rise in total liabilities it may be that the sector is taking on debt to finance a relatively sudden increase in service capacity. As will be shown below, the financial experience of individual organisations varies widely.

## Financial Performance

This section reports on the aggregate operating performance of NT charities including a focus on revenue, expenditure, and the profit/loss generated. It is important to note when interpreting this information that the financial health of the sector is highly varied across organisation size and service type intersections<sup>18</sup>.

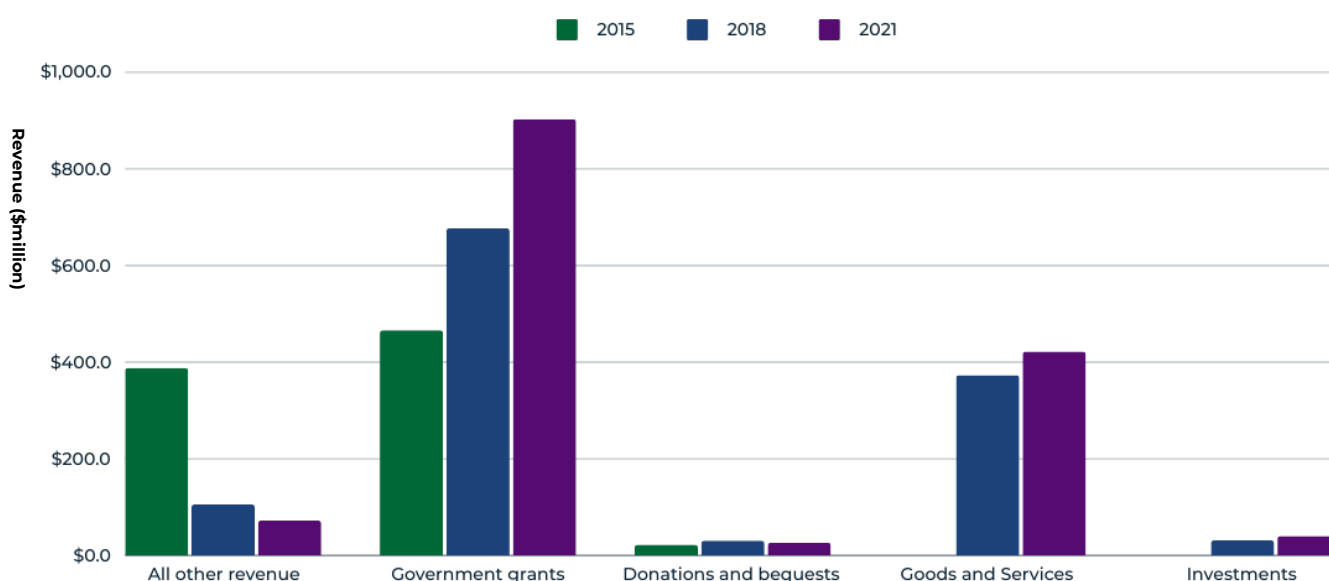
As mentioned previously, the NT charity sector expanded by a net 28 organisations from

2018 to 2021. Alongside population growth and the resultant activity growth, a proportion of the aggregate figures reported are a result of many organisations operating in the sector.

## Revenue

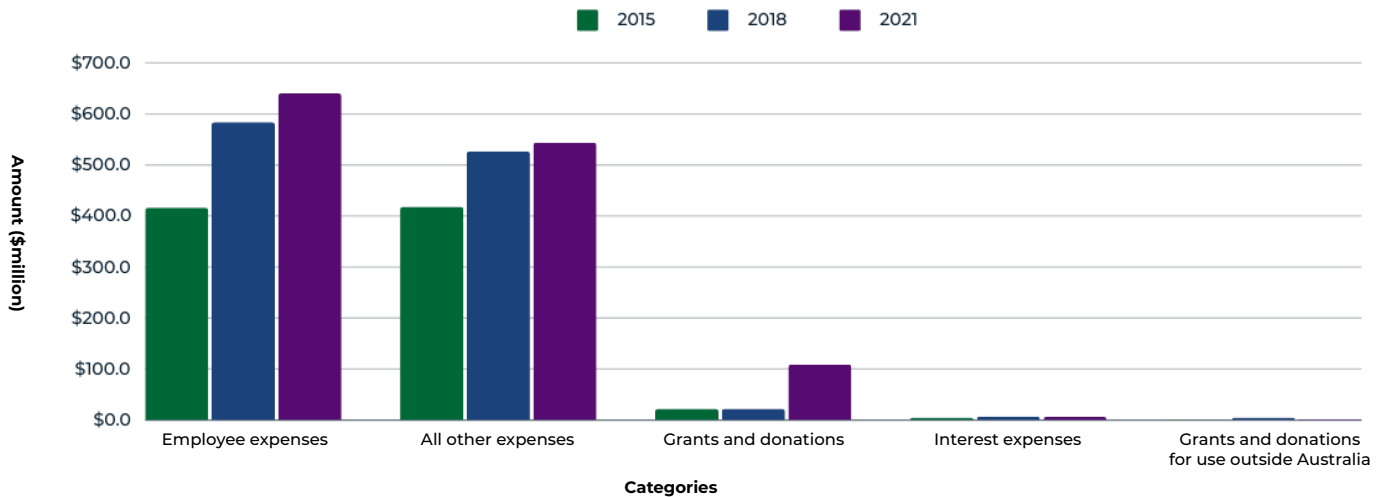
In 2021, the total revenue reported was \$1.47 billion, a 33.5% increase from the 2018 figure. Government grants – the financial assistance provided by the government to support an organisation further its charitable purpose – comprised most of the revenue by source, making up 62% of all revenue received, up from 56% in 2018. Donations and bequests saw a 29% reduction (\$8.8 million), totalling \$22 million in 2021. As a proportion of total revenue, its contribution was halved from 3% to 1.5%. Figure 10 presents the aggregate values for all revenue categories available in the ACNC data organised by year.

Figure 10. Revenue by Category 2015–2021



<sup>18</sup> Indigenous Corporations registered with ORIC are not required to report financial information to the ACNC. Therefore, the values reported are an underestimate of financial activity in the NT charity sector.

Figure 11. Expenditure by Category 2015–2021



## Expenditure

Aggregate expenses totalled \$1.3 billion in 2021, increasing by 13.5% from the previous reporting period. Employee expenses, totalling \$640 million, were the largest expenditure category reaching 49.2% of all costs borne. The second largest expenditure category, all other expenses, saw a 3.2% increase from the data reported in 2018. Figure 11 provides a further breakdown of expenditure by category and year. The sustained increase in interest expense reinforces the likelihood of organisations taking out loans to meet demand increases as suggested above.

## Profit/Loss

Like any business, it is essential that nonprofit organisations generate sufficient profits to remain sustainable and negotiate external financial pressures in the short to medium term. The growing emphasis on building digital capacity, staff recruitment and retention challenges, developing, and retaining workers and undertaking service evaluation will require a charity sector that is able to maintain the sustainability necessary to undertake strategic planning. Meet changing government policy

frameworks and apply service innovations and improvements<sup>19</sup>.

Figure 12 groups NT charities that had reported financial information<sup>20</sup> by profit and loss performance, showing whether they reported a profit, loss or broke even in each reported year. Consistent with previous commentary, there appears to be growing polarisation of financial performance within the sector with increasing separation from the breakeven range<sup>21</sup>. Of those organisations that were breaking even in previous years, it is more likely they made a loss in 2021 as the proportion of organisations under the breakeven range has grown year-on-year. Overall, 67% of organisations made a profit, 30% made a loss and 3% broke even. However, with the generosity and complex design of the various COVID-19 payments this estimate is likely the best-case scenario<sup>22</sup>.

When looking at the immediate distribution around the breakeven point, as seen in Figure 13, the data skews towards the lefthand side among those charities around the breakeven point. This implies that of the charities that operate around the breakeven point, more are doing so at a loss. The polarising fiscal experiences of charities is cause for concern and requires better

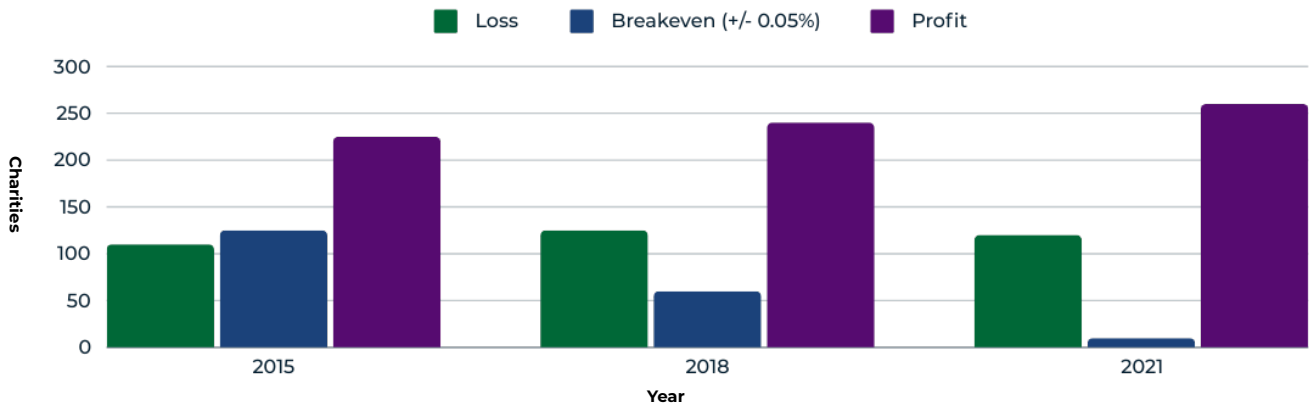
19 Sixty organisations were omitted from the calculation of profit and loss due to incomplete reporting entries.

20 Sufficient financial data was available for 385 of the 445 NT charities included in the sample, thus 60 charities were excluded from the analysis of profit and loss. There are a few potential reasons for the incomplete information aside from non-response. Small organisations are not required to submit financial information within their Annual Information Statement. Alternatively, organisations also regulated by ORIC do not have to report financial information with the ACNC, and ORIC does not share this information type.

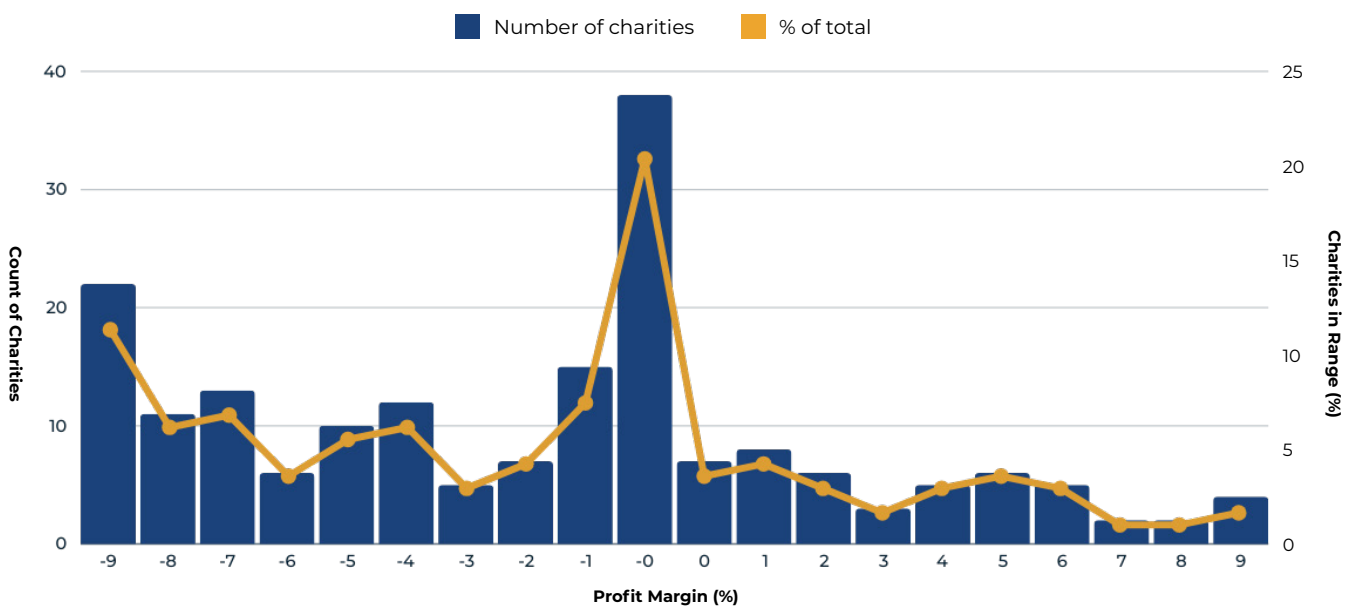
21 Gilchrist, D., & Emery, T. (2018). Value of the Northern Territory Not-for-profit sector. Not-for-profits UWA

22 Northern Territory Government. (2023). Budget 2021–2022: Northern Territory Economy. Northern Territory Government. Budget 2021–22: Northern Territory Economy In real terms refers to the purchasing power of money changing as the price level changes in the economy. In this case, it means that the net-income held by organisations is lower in value relative to the costs borne in undertaking activities

**Figure 12. Profit and Loss Segmentation 2015–2021**



**Figure 13. Profit Margin Spread 2021 (-10% to 10%)**



understanding, because it is likely the case that inefficiencies are not solely driving these findings year-to-year.

The Consumer Price Index (CPI), or the inflation rate, is the main measure of price levels in the economy. It also represents the cost changes (e.g. wages, fuels, supplies) that organisations face when delivering services year-to-year. In this report, we use it for a general proxy for cost increases though it is not an appropriate estimator as costs are likely rising more quickly for this sector than for the CPI. As such, this estimate is likely a best-case scenario<sup>23</sup>.

If an organisation’s profit margin has not kept pace with the inflation rate, this means that average cost levels are growing faster than income leading to lower profitability in real terms<sup>24</sup>. In 2021, the annual rate of inflation was 3.5%<sup>25</sup>, which placed 41% of all NT Charities’ profit margins under the CPI level, leaving approximately half of the sector in a precarious financial position threatening sustainability. When extending this comparison to the 5% rule of thumb for organisational financial health, the proportion increased to just nearly half (44%) of all NT charities.

23 For further information relating to cost increases and funding, see: Gilchrist, David, J., and Clare T. Feenan. 2023. "Challenging the Framework for Funding Indexation in Australian Human Services: Achieving Sustainability". A report developed by the Centre for Public Value, UWA Business School, Perth, Australia. Available at <https://www.uwa.edu.au/schools/-/media/not-for-profits-uwa/policy-and-economics/230428-final-challenging-indexation-framework.pdf>

24 See Consumer Price Index, Australia | Australian Bureau of Statistics (abs.gov.au)

25 Ibid

# Concluding Remarks

---

This snapshot report demonstrates both the economic and social importance of the Northern Territory's charities sector and highlights its inherent vulnerability in economic terms. The financial and workforce pressure on the sector has grown continuously since the publication of our first two reports and the sustainability of many organisations in the sector must be considered by policy makers and philanthropists.

The poor data sets available for reviewing the sector's financial and workforce capacity serve to restrict the capacity of sector leaders and policy makers to develop informed responses to these challenges, leaving increasing threats of significant cost increases being borne by government as primary healthcare and other expensive programs are deployed to catch those who have fallen through the human services safety net.

Aside from economic costs, there are significant social costs here too. The ultimate shock absorbers of the outcomes of poor funding policy are those Territorians who are reliant on services and support to live their lives. The increasing sustainability challenges faced by the sector ultimately impact these people's capacity to engage in economic participation, social participation and inhibit their capacity to lead the life that all Territorians want to.

# Explanatory Notes

---

1. In both cases, this exemption applies to financial information. In the case of Indigenous corporation under the relevant Act, this information is reported to the Office of Registrar of Indigenous Corporations (ORIC). While the ACNC and ORIC share regulatory information to reduce the burden for organisations, information sharing currently extends to organisation and program details and not to annual financial information.
2. Gilchrist, D., & Emery, T. (2018). Value of the Northern Territory Not-for-profit Sector. Not-for-profits UWA.
3. Estimates derived from ABS Business Register and adjusted for population growth in the region. Counts of Australian Businesses, including Entries and Exits, July 2019 - June 2023 | Australian Bureau of Statistics (abs.gov.au)
4. [https://treasury.nt.gov.au/\\_\\_data/assets/pdf\\_file/0011/1070975/Gross-State-Product-2020-21.pdf](https://treasury.nt.gov.au/__data/assets/pdf_file/0011/1070975/Gross-State-Product-2020-21.pdf)
5. See the Northern Territory Human Services Industry: 10 Year Plan (2019-2029). Sector Support - NTCOSS - Northern Territory Council of Social Service
6. New figures show problem of family and domestic violence growing in Northern Territory - ABC News
7. Rate of poverty by location in 2019-20, and change in poverty - Poverty and Inequality (acoss.org.au)
8. NT business count infographic - June 2020
9. [https://industry.nt.gov.au/\\_\\_data/assets/pdf\\_file/0017/1041155/nt-state-of-the-economy-junequarter-2021.pdf](https://industry.nt.gov.au/__data/assets/pdf_file/0017/1041155/nt-state-of-the-economy-junequarter-2021.pdf)
10. See CLASSIE - Classification of Social Sector Initiatives and Entities - ourcommunity.com.au
11. See CLASSIE - Classification of Social Sector Initiatives and Entities - ourcommunity.com.au
12. This distribution is based on the truncated mean and standard deviation of the sample. Because each charity must have at least one program, the normal distribution assumption is not appropriate.
13. To enable consistent one-to-one comparison, child under 15 have been compiled into a single indicator. The all-ages indicator has been dismantled to separate rural and regional communities, families, and financially disadvantaged persons. Environment and animals were included for a fuller picture of sector beneficiaries.
14. Northern Territory Government. (2023). Budget 2021-2022: Northern Territory Economy. Northern Territory Government. Budget 2021-22: Northern Territory Economy.
15. For instance, see: Gilchrist, David, J., and Clare T. Feenan. 2023. 'Economic Paper 4: Job Quality Threats to Human Services Sustainability'. Working Paper Series on the Economics of Human Services, Centre for Public Value, UWA Business School, Perth, Australia

16. All amounts have been adjusted to represent 2015-dollar values.
17. Indigenous Corporations registered with ORIC are not required to report financial information to the ACNC. Therefore, the values reported are an underestimate of financial activity in the NT charity sector.
18. Sixty organisations were omitted from the calculation of profit and loss due to incomplete reporting entries.
19. Sufficient financial data was available for 385 of the 445 NT charities included 19 in the sample, thus 60 charities were excluded from the analysis of profit and loss. There are a few potential reasons for the incomplete information aside from non-response. Small organisations are not required to submit financial information within their Annual Information Statement. Alternatively, organisations also regulated by ORIC do not have to report financial information with the ACNC, and ORIC does not share this information type.
20. Gilchrist, D., & Emery, T. (2018). Value of the Northern Territory Not-for-profit sector. Not-for-profits UWA.
21. Northern Territory Government. (2023). Budget 2021-2022: Northern Territory Economy. Northern Territory Government. Budget 2021-22: Northern Territory Economy<sup>21</sup> In real terms refers to the purchasing power of money changing as the price level changes in the economy. In this case, it means that the net-income held by organisations is lower in value relative to the costs borne in undertaking activities.
22. For further information relating to cost increases and funding, see: Gilchrist, David, J., and Clare T. Feenan. 2023. "Challenging the Framework for Funding Indexation in Australian Human Services: Achieving Sustainability". A report developed by the Centre for Public Value, UWA Business School, Perth, Australia. Available at <https://www.uwa.edu.au/schools/-/media/not-for-profits-uwa/policy-andeconomics/230428-final-challenging-indexation-framework.pdf>
23. See Consumer Price Index, Australia | Australian Bureau of Statistics ([abs.gov.au](https://abs.gov.au))



