Linking Society & Economy Through Membership: Associations in New South Wales

Andrew Passey

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ACCORD Report

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ACCORD SURVEY OF NSW ASSOCIATIONS: SUMMARY REPORT

INTRODUCTION

Late in 2003, the NSW Office of Fair Trading, Registry of Co-operatives and Assocations, provided access to data on associations to ACCORD (the Australian Centre for Co-operative Research and Development) for it to undertake the first detailed picture of associations in NSW. The research provides a snapshot of associations in mid 2003.

Associations are by far the most common form of incorporation for community groups in Australia, and as such they are an important part of the nation's third sector and its civil society. Up until now however, little has been known about them. How many members do they have, who are they, and what about volunteers and staff? Where do they get funds and what do they spend? What services do they provide and in which industries do they operate? What are the regional patterns of activity? How are associations regulated and what are their links with other organisations? Our survey set out to try to answer these questions, in order to highlight the contributions associations make to social and economic life in NSW.

This report is divided into two sections. Section I is an executive summary. Here we provide an outline of the main findings. These statistics are then used to build up a stakeholder analysis for the association sector, which identifies the key inputs that support the activities and development of the sector as well as the sector's major social and economic impacts. Section I concludes with a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis for the sector. Here we attempt to summarise what we see as the sector's main strengths and weaknesses, which in turn point up potential opportunities for development and threats that it might face. We hope that for the general reader this overview section will provide a clear review of the association sector in NSW, as well as some insight into what the statistics might mean for the sector's future development.

In Section II we provide a detailed picture of the association sector in NSW. This section begins with an overview of the methodology employed in gathering the data, and then goes on to detail the sector's operations, its financial and human resources, and the regional and industrial patterns of its activities. We suggest this section will be of particular relevance to readers who have a research and policy interest in the association sector, and those who wish to get a richer understanding of the detail than lies behind the overview presented in Section I.

Whatever kind of a reader you might be, we hope that this report is of interest and of use, and we would welcome your feedback. The author can be contacted directly in the following ways:

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SECTION I - EXECUTIVE SUMMARY

MAIN FINDINGS

The survey was mailed to 5,000 associations selected using a stratified random sample, which allowed us to cover all the state's regions and all sizes of association. The survey had a response rate of 30%. We have divided the main findings into key areas of interest.

People: How many members do associations have, who are they, and what about volunteers and staff?

- On average, NSW associations had 248 people in membership, although the median of 50 suggests a small number of associations had relatively large memberships. Total membership was 2.35 million people. This is not a count of the total number people in NSW who belong to an association, since some people will be members of more than one association. 627,000 people volunteered for associations, the majority of whom were members. This suggests the membership model has a double benefit for associations, providing both a source of financial revenue in the form of membership fees and important voluntary labour inputs.
- Over 130,000 committee members are actively engaged in governing and running the sector by serving on association management boards.
- Associations employed more than 28,000 staff, although there was a marked concentration of paid staff in larger associations and those working in particular industries.

Finances: Where do associations get funds and what do they spend?

- The sector had a total income of $1.6 billion. Government, members, fundraising and sales of services were the main income sources, although their relative significance varied by organisational size. Income is heavily skewed - 40% of the sector's total income was accounted for by the 2% of associations with annual incomes greater than $1 million.
- Expenditure totalled $1.49 billion – or 93% of total income. 48% of expenditure went on staff costs, with a heavy concentration among the largest associations. Only 32% of associations reported having paid staff, and among them 62% of their spending was on staff costs.
- Assets tend to be more evenly spread, while liabilities are most concentrated in the largest associations. The lowest debt-equity ratio is found in mid-sized associations, suggesting they are potentially the most able to borrow funds to expand their activities.
- There are marked income dependencies. Thirty percent of associations receive government funding, 34% of which rely on it for more than three in every four dollars of their total income. Two-thirds of associations generate income through fundraising, of which 21% rely on it for more than three quarters of their total income. Forty-three percent receive trading income - 18% of which rely on it for more than three quarters of their total income. Nearly 80% of associations receive income from membership fees, 12% of which rely on it for more than three in every four dollars of their total income.

Activities: What services do they provide and in which industries do they operate?

- Associations provide services in many industries, most commonly in ‘Sport and Recreation’, ‘Other Services’ (which includes interest groups), ‘Community Services’ and ‘Libraries, Museums and the Arts’. The remainder work either in ‘Education’ or ‘Health Services’.
- There were two distinct blocks by industry – the larger, employing associations are typically found in ‘Community Services’, ‘Health Services’ and ‘Education’, while those operating in ‘Sports and Recreation’, ‘Other Services’ and ‘Libraries, Museums and the Arts’ tend to be smaller, member/volunteer associations.

Geography: What are the regional patterns of activity?

- Sydney dominates financial figures when no allowance is made for different regional population sizes. Associations based in Sydney account for $895m of total income (almost 60% of the total), compared with $283m in the West, $282m in the Coastal North and $70m in the Coastal South/ACR. Sydney also accounts for 74% of fundraising income, 67% from member dues, 60% from government, and 51% from trading.
- There are different people profiles for associations by macro-region. Sydney is the macro-region of membership and paid staff; the West is most successful in generating voluntary inputs from members; the Coastal North is successful in generating volunteers from the wider community; the Coastal North/ACR has a concentration of paid staff compared with members and volunteers.
- Associational density varies across the state. It is the West region that has the highest density, followed by the Coastal North.
- Rebasing to population reveals the relative importance of the West and Coastal North regions in terms of financial and people data. For example more than four in ten people in the West are members of an association and more than one in four volunteers for an association. The association sector therefore plays a proportionately greater role in the social and economic life of the West than elsewhere in the state.
- There is a greater reliance on informal (horizontal) networking in the West than elsewhere, and lower membership of formal (vertical) networks. This may be due to choice, or might reflect fewer formal networking opportunities in that part of the state. Associations in the Coastal South/ACR associations are the most widely but least deeply networked.

Regulation: How are associations regulated and what are their links with other organisations?

- While the responsibilities of associations under the NSW legislation are relatively minor, associations face a multitude of regulatory agency requirements at state and commonwealth levels for the purposes of fundraising, tax exemption and GST. Potentially therefore, associations have to interact with several agencies including: the NSW Registry of Co-operatives and Associations; the Department of Gaming and Racing; and the Australian Taxation Office.
- Most associations work at the local level only, typically drawing their membership from people living locally. They are however networked more widely – many associations are members of formal networks at the national or international level.

- Informal networking is also significant – more than three quarters report working regularly or sometimes with other non-profit organisations.
- The majority of associations claim to benefit a community wider than their membership.

STAKEHOLDER ANALYSIS

The summary of findings has shed light on the questions we raised at the beginning of this report, as well as providing evidence of diversity in size, activities and human resources in the state's association sector. Here we try to present these findings in a different way by emphasising the sector's stakeholders. First, we sketch out the key support for the sector, and second, we discuss the impacts that accrue from the sector's activities. Readers are signposted to Figure 1, where we have attempted to portray our stakeholder analysis in pictorial form.

Support

We identify four major stakeholders that provide the most significant support for associations in NSW.

Members are the mainstay of the association sector. We estimate that there are around 2.35 million people in membership of associations in NSW. Since some people will be a member of more than one association, we do not claim that this many individuals are members, instead this figure is our calculation on the total membership of the sector in mid 2003. Besides providing important financial support - $149 million – members also undertake a range of activities on behalf of their associations. This might be arranging soccer fixtures in a sports club, or running a stall at a fundraising jumble sale. We estimate that around one in five members are active in these (and myriad other) ways, and in so being they play significant roles in maintaining their associations, many of which have no staff. Finally, members buy services from their associations, maybe in the form of food and beverages in a club, newsletters and magazines from a hobby society, or computer time from a community services organisation. This income is larger than membership fees, totalling $260 million.

There is a further important role that members play, which is in the governance and strategic management of their associations. Associations need members to fill roles on their committees, such as treasurer and secretary. We estimate there are 130,000 members fulfilling these roles in associations in NSW, a significant voluntary input without which these organisations would not be able to operate.

The second major stakeholder is the paid staff of associations. We have already noted that most associations are small and, partly as a consequence, only a minority employs any staff. That said, we estimate there are 28,000 people employed in associations across the state. We do not know how many of these jobs are full-time or part-time, so unfortunately we are not able to produce an estimate of full-time equivalent jobs in the sector.

Our third major stakeholder is the wider community, which makes a series of financial and non-financial inputs to the association sector. The community provides donations to associations to the tune of $262 million - here 'community' includes institutions such as charitable foundations and most likely for-profit businesses, as well as members of the public. Besides this philanthropic funding, members of the public purchase services from associations – over $100 million stems from this kind of input.

Finally, the community provides volunteers – essentially the equivalent of active members in the roles they fulfil, but these are people drawn from outside the membership of the associations for which they undertake such activities. This is an important leverage effect, and begs the question of whether such voluntary work in the community would continue if the associations themselves ceased to exist. If not then this impact is an important justification for developing the association sector.

Figure 1: Stakeholder analysis for the association sector in NSW

Support

Members
2.35 m people
492k active members
130k committee members
$149m member fees
$260m services purchased

Staff
28k paid staff

Community
136k volunteers
$262m fundraising income
$104m services purchased

Government
$721m direct funding to 30% assns
76% assns tax exempt

Activities

Spending by industry
$638m community services
$251m other personal services
$200m sport/recreation
$148m libraries/museums/arts
$140m health services
$119m education

Impacts

Social
77% work with other NPIs in horizontal (informal) networks
64% in vertical (formal) networks
5 assns per 1,000 population
55% work for wider community
45% work just for members

Economic
$733m staff bill
$120m purchasing services
$643m other expenditure
Between $860m and $1.29bn from volunteering

Government is our final major stakeholder. National, state and local governments provided direct funding to the tune of $721 million in 2002/3. Around one in three associations receive such funding, most likely in the form of contracts to deliver services on government's behalf. These associations are monitored by the various government departments and agencies that provide funding, over and above the standard responsibilities that all associations have to the Registry in NSW. Government will therefore have some knowledge of how these organisations operate, and perhaps of some of the pressures they might face. Whether government has similar knowledge of the vast majority of associations that do not receive direct funding is an open question. The NSW Registry will, to the extent that it has contact details for all associations on the Register and some basic information on the finances of just over half of them. It is unlikely however that government has a wider conception of associations – certainly not as a coherent 'sector'. That said, governments do provide important general support in the form of tax exemptions, for which most associations will be eligible. The most common is income tax exemption – more than three in four associations benefit in this way. What is more, as sub-section 3.1 of the second section of this report reveals, there are other ways that the government extends tax breaks to associations. Finally, the incorporated association structure itself might be seen as a form of government support since it provides certain advantages to community groups, including the ability to enter into enforceable contracts and to continue operating even if the original membership eventually leaves the organisation.

Activities

Associations utilise support so as to undertake their operations. We estimate that their expenditure totalled almost $1.5 billion in 2002/3, which can be broken down into the six main industries in which associations operate. We find that the biggest spend occurs in the community services field - $638 million went here in undertaking a diverse range of activities for what is likely to be a wide range of member and client groups. Next came other personal services, where a quarter of a billion dollars was expended. This industry group includes religious organisations as well as the broad range of interest groups that exist in NSW, which in many ways provide the most direct examples of associations playing a 'voice' role in the community. The most numerous type of association – sport and recreation organisations – spent $200 million in 2002/3, whereas the remaining three industry areas spent from $119 million to $148 million respectively. While all are large sums of money, it is clear that the association sector in a sense 'specialises' in particular fields of activity.

Impacts

We have identified two major kinds of impact from the activities of associations.

First is a range of social impacts. There is an ever-growing literature that focuses on the benefits and difficulties of organisations working in networks to achieve their goals. We make no attempt to summarise that body of work here, except to note that networking is seen as an important tactic, strategy and asset for most kinds of organisation. In our survey we were interested in the degree of formal networks in the sector – the kinds of links with peak organisations that typically fall into industry types (e.g. sport, health services). These networks are vertical, in that organisations belong to a second-tier peak body, which provides support services to members. As important, peaks also lobby on behalf of their members, giving collective voice to their members' concerns. We found that almost two in every three associations were members of at least one of these kinds of network – and many of these links were to national or international bodies. The sector's formal networks thereby spread well beyond most individual associations' place of benefit (almost 80% reported working in only one local government area). However, we were also interested in less formal networking, wherein associations join together in undertaking work on behalf of their members and/or the wider community. This kind of linkage was more common – 77% of associations reported that they sometimes or regularly worked with other non-profit organisations to fulfil their objectives. Co-operation between associations therefore seems prevalent (and we might suggest it is an important though often overlooked organisational resource).

Associations work for a broad range of beneficiaries, drawn from all locales across the state and from its diverse communities. We report below in sub-section 3.5.1 on the diversity of members – here we discuss the broader beneficiaries of associational activity. Interestingly, while associations are member-based organisations we found that 55% reported working primarily for the wider community in which they were situated, as opposed to 45% primarily working for their members only. Many of the wider community benefit organisations provide services for government and many are larger than the typical association. What is more, as we outline in sub-section 3.7.2 below, there is a disproportionate number of these associations in the landlocked West of the state. Maybe they help government in supporting communities in the remotest parts of the state?

Associations have other social roles. Firstly and most simply, many provide places where people can come together and socialise, while members who take up committee roles are being socialised with important relational skills, such as negotiation, compromise and decision-making, which will likely have positive community benefits consequences beyond the association itself.

Secondly, the economic impacts of associations. We have already noted that they sell services in competition with other providers. In order to produce services they also need to purchase them from other organisations. This they did to the tune of $120 million, money that makes a contribution to local economies, as does the $733 million they paid their staff in 2002/3. They also had other expenditure of $643m. Volunteer labour also has an impact on local communities. We estimate that the economic contribution of the unpaid work of the 627,000 volunteers in NSW associations added between $860 million to $1.29 billion to the state's economy in 2003.

All of these findings provide insights into the size and scope of the association sector in NSW. More than this however, they can also be assessed in respect of what they might reveal about the sector's strengths and weaknesses, and how each might provide pointers as to the opportunities and threats that the sector faces. We therefore conclude this summary section with a SWOT analysis.

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT ANALYSIS)

Strengths

- Strongly rooted in mutuality, altruism, and voluntarism so act as 'incubators' of social capital
- Embedded in communities across NSW through local memberships
- Leverage-in of volunteers from wider community
- Well linked in both formal and informal networks
- Low debt/equity ratio in mid-sized associations
- Relatively straightforward to incorporate and minimal responsibilities to (direct) regulator
- High level of commitment and enthusiasm among members

Weaknesses

- Income concentration in specific industries and sizes of association
- Limited self-sustainability for those dependent on specific income sources, e.g. one in three of those receiving government funding rely on it for more than 75% of their total income
- Multitude of regulatory agency requirements (state / commonwealth) for gaining tax exemptions and undertaking fundraising
- Tendency towards factionalism
- Evidence of limited inter-organisational working among smaller associations
- High debt/equity ratio in smallest and largest associations
- Difficulties in gaining insurance

Opportunities

- Highlight 'reach' into the remotest parts of the state in order to increase (or improve quality of) government support
- Potential for smaller associations to leverage resources on the back of their assets
- Mid-sized associations able to borrow funds to expand their activities on back of low debt/equity ratio
- Peak bodies and development agencies develop better networks in remote parts of state

Threats

- Smallest associations spending more than raising in revenue
- Risks from shifts in government funding priorities
- Financial risk from high debt/equity ratios in largest and smallest associations
- Limits to 'voice' role from differential access to formal and informal networks
- Marginal view of sector in government continues to be exacerbated by departmental silos
- Overlay of multiple regulators (e.g. ATO, NSW Dept. Gaming and Racing) leads to increased compliance costs
- Organisations will disband if insurance not available
- Complex employment, health and safety, and public indemnity regulations reduce capacity to recruit/retain committee members
- Increased burden on regulator to mediate in intra-organisational disputes
- Growing work/family pressures on time reduce opportunities for voluntary action

SECTION II: DETAILED ANALYSIS

1 BACKGROUND

In October 2003, the NSW Office of Fair Trading, Registry of Co-operatives and Assocations, provided access to data on associations to ACCORD (the Australian Centre for Co-operative Research and Development) for it to undertake the first detailed picture of associations in NSW. This section provides a brief methodological overview and then details some of the major findings. The sector's operations, its financial and human resources, and its regional and industrial patterns of activities are detailed in the section. Many estimates have been grossed up to produce figures for the association as a whole across NSW.

2 METHODOLOGY

2.1 Summary

The research team undertook a mail survey of 5,000 NSW associations between October and December 2003. The questionnaire was sent along with a cover letter and reply paid envelope for returns. One follow-up letter was sent to half the initial non-respondents, and the questionnaire was placed on the ACCORD website to enable associations in the sample to print and complete it, and send it back, along with their association name. The responses were coded and entered onto an Excel spreadsheet, and the bulk of analysis was carried out using SPSS.

2.2 Sample design

The Register of Associations was used as the sample frame for the survey, and the plan for the sample was stratified by a combination of region and annual income size (see Table 1). Associations would then be randomly selected within each stratum. This approach helps to reduce sample error. The aim was to produce a sample that covered the whole state, but which also focused upon the largest associations. All associations with an annual income of $500k and above were therefore included in the sample.

The Register contains around 33,000 association records, but initial analysis revealed that only around 19,000 associations had made a financial return between 1999 and 2002. For these organisations, there was financial data that were used to stratify them in the sample, and they were termed 'Returners'. Annual income was used as a proxy for organisation size. The sample was concentrated among the largest associations, and included a census of all of those with an annual income of $500k and above on the Register (685 cases in total). The sample also included all 'Returner' associations in the Far West region (which surrounds Broken Hill) – a total of 149 associations. The remaining 'Returner' associations (those with an annual income of less than $500k, save for those in the Far West) were stratified by income and region and randomly sampled.

For the other 14,000 associations there were no financial data by which to stratify them. This sub-population was termed 'Non-returners' and the 1,000 case sample of them was stratified by region only (see column 7 in Table 1 below). A relatively large sample was drawn of these associations since it was necessary to determine whether failure to submit a return was because they had permanently ceased to operate (i.e. they were moribund) or because they were still active but had not been complying with their responsibility to submit an annual return. The findings would help in making recommendations to the Registry about maintaining and developing the Register (see Section 4).

Table 1: Sample

	Returners				Non-returners	
Region	**<$0.5m**	**$0.5m-$1m**	**$1m plus**	**Sub-total**	**Sub-total**	***Total sample***
Far West	142	5	2	149	22	**171**
Murray	92	12	6	110	38	**148**
Riverina	169	15	12	196	21	**218**
Sydney CBD	22	10	4	36	94	**130**
Sydney 1	278	43	24	345	102	**447**
Sydney 2	364	44	34	442	74	**515**
Sydney 3	212	39	35	286	93	**380**
Sydney 4	180	25	24	229	83	**312**
Sydney 5	135	40	31	206	112	**318**
Sydney 6	214	28	25	267	43	**310**
Central West	189	22	11	222	28	**250**
Orana	92	7	2	101	6	**107**
Hunter	371	41	18	430	86	**516**
Illawara	131	9	7	147	29	**175**
New England	210	14	17	241	47	**288**
Northern Rivers	222	25	20	267	53	**320**
Mid North Coast	150	8	7	165	36	**200**
ACT Canberra/Victoria/Qld	142	12	7	161	33	**194**
Total	**3,315**	**399**	**286**	**4,000**	**1,000**	**5,000**

2.3 Response analysis

Table 2 summarises the response rate. From the 5,000 sample we received 1,226 valid responses (that is a completed response, at least to some extent) or 24.5% of the total. However, this response rate is based upon the combined sample of Returners and Non-returners. However it is clear that some of the Non-returners were inactive. To provide a more accurate response rate it was necessary to try to remove these associations as outlined in the following steps and summarised in Table 2.

First, for the initial sample of 1,000 'Non-returners'

	Why classified as active
72 active	Responded to the survey
+	
20 of the 131 'gone-aways' (15.3%) active	Found by searches using association name on the Business Register, White Pages and an Internet search engine
+	
122 non-responses estimated as active	Derived using the proportion of active 'gone aways' among non-responses (15.3% of 797)
=	

214 active associations in the 'Non-returners' sub-sample, which means that 786 were classified as inactive.

Second, for 'Returners' a conservative approach was adopted. A check on the 154 'gone-aways' using the same method as outlined above revealed that 84 are inactive. The revised estimate of 3,916 active 'Returner' associations is produced by removing these 84 inactive organisations from the original 4,000 sample. This approach overestimates the active population in the 'Returner' sub-sample, since some non-respondents might be inactive. Overall, this method produces a revised sample estimate of 4,130 active associations, and generates a response rate of 29.7%.

Table 2: Response rate

	Sub-sample		**Total**
Response groups	**Returners**	**Non-returners**	
No	2,664	797	**3,461**
Yes, valid	1,157	69	**1,226**
Yes, invalid	25	3	**28**
Yes, gone-away, RTS, no longer extant	154	131	**285**
Total	4,000	1,000	**5,000**
Revised sample size	**3,916**	**214**	**4,130**
Revised response rate	**29.5%**	**32.2%**	**29.7%**

3. RESULTS

In this section the findings from the survey are presented and analysed, beginning with a look at who they claim to benefit, their relations with various regulators and how they insure against risk. Next, discussion turns to their operations, both internal and external. The bulk of this section comprises an analysis of the association sector's economy – financial and human resources, expenditure and assets. Finally, the industries in which associations operate are identified and compared.

3.1 Organisation status

The survey asked associations to identify who primarily benefited from their activities – members or the wider community. In response, 55% of associations claimed they primarily benefited the wider community, compared with 45% who claimed to primarily serve their members only. Regional associations (58%) those with an income above $100k (77%) and those with paid staff (72%) are more likely to have a wider community benefit.

This community benefit/member-serving distinction has an important bearing on the tax treatment of associations. Associations are non-profit entities, and as such are entitled to certain concessional tax treatment, though the extent of any concessions depends upon their purpose. This complexity is reflected in the findings summarised in the following few paragraphs, which are indicative of the complexity of regulation and registration in the non-profit sector.

Some small associations avoid the tax system altogether by refraining from applying for an Australian Business Number (ABN), however the majority (71%) does register, and indeed 3% of organisations reported having more than one ABN. Almost all respondents with incomes over $100k and those with paid staff reported having at least one ABN.

The survey found that 76% of respondents have tax exempt status, with a rate of over 85% in those with income over $100k and in those with paid staff. Of those with tax exempt status, 39% of respondents were also income tax exempt charities (ITECs).

One in five associations has deductible gift recipient (DGR) status, with a concentration among those with income over $100k (45%) and those with paid staff (41%). 24% of associations are registered to raise funds from the public, and once again there is a concentration among those with income over $100k (47%) and those with paid staff (43%).

There were marked differences in the kinds of duties that associations paid. For example, 35% pay utilities service charges, 19% reported paying stamp duty, 15% pay council rates. The least common duties paid were payroll tax (paid by only 8% of respondents) and land tax (5%). Proportions paying these duties were generally higher in larger employing associations.

Despite the fact that associations face a multitude of regulatory agency requirements (at state and commonwealth levels) over and above the relatively straightforward requirements of the incorporated associations legislation, the incorporated association structure remains popular, with 76% thinking it the most appropriate organisational form for their activities. Accordingly, only 5% were likely to change their structure in the next twelve months, though the rate was higher in larger associations (8%) and in those with paid staff (7%).

Stories about spiralling public liability insurance premiums have been in the sector press over the past few years, with concerns they are forcing some associations to cease operations. The survey found that nearly all (91%) have public liability insurance[1], but that other types of insurance are less common and instead are characteristic of the make up of individual associations. For example, 40% have director's liability insurance and 44% worker's compensation insurance, with marked concentrations again among the larger employing associations.

3.2 Organisation operations

3.2.1 Governance

Associations are led by committees or boards, the members of which give their time free of charge. It is estimated that associations had 130,365 committee members in mid 2003. These are the people who are actively involved in governing and running their organisations (see section 3.3.1 for details of the grossing method used). The average committee had 10 members, with a median of eight, suggesting that committee sizes are consistent across the sector[2]. That said, the average committee in associations with paid staff had 11.5 members, while regional NSW associations and those with income below $100k typically had nine committee members. Despite concerns about difficulties in recruiting committee members, 88% of associations had held an election for their current committee, with lower proportions (though still over 80%) among the larger employing associations. An average of 55 members voted for their committee, or around one in five of all members, compared with a median figure of 20.

Committees tend to meet frequently, with almost two thirds meeting monthly and more than one in four meeting quarterly. In contrast, only 6% of committees met twice a year and 3% annually. While following this general pattern, the committees of regional NSW associations were more likely to meet twice or once a year than those in Sydney, and larger associations' committees met more often than smaller ones, as did those of associations with paid staff.

Associations as a whole meet less frequently. Surprisingly however, more than one in four meets monthly, 11% four times per year, 6% twice a year, and 57% annually (most likely at an annual general meeting). Again these patterns were consistent, though regional NSW associations are more likely to meet more often, as were those with an income below $100k and those with no paid staff.

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[1] Until May 2002 having public liability insurance was compulsory for incorporated associations and for groups wanting to incorporate as associations.

[2] The model rules for associations provided by the regulator suggest the following committee membership: three ordinary members; president; vice-president; treasurer; secretary. In addition the public officer often sits on the committee. The consistency in committee size across the sector suggests the model rules have been widely adopted by associations (although it is possible for a single member to have more than one role).

Perhaps due to their size, or because the services they provide require face-to-face interaction, the majority of associations (80%) mostly work in one local area. Conversely, only 12% work across the state, 6% nationally and 2% internationally. Regional NSW associations (88%) and those with incomes below $100k (83%) are more likely to operate locally compared with larger and metropolitan based associations.

3.2.2 Organisational networks

Associations are, however, networked far more widely than the specific scope of their activities, with 15% in local networks, 22% in regional, 38% in state, 33% in national, and 14% in international networks. Sydney-based associations are more likely to be in national and international networks with regional NSW associations linked more to regional and state networks. In general, larger associations are more likely to be in any kind of network (e.g. 25% in a regional network, 45% in a state network), with the exception of the international level. Those with paid staff are more likely to be in a regional (43%) or state (35%) network, and those with no paid staff in an international network (16%).

What is more, many belong to several networks at different levels. Hence, while 36% are in no networks and 35% in one level only, the findings reveal that 12% are in networks at two levels, 8% at three levels, 5% at four levels, and 4% in networks at all five levels. Fewer large associations and those with staff are part of only one level of network, and more of them part of two levels or three levels.

Almost one in four associations works solely with their members (but only 10% in those over $100k and those with paid staff). 41% sometimes work with other non-profits (though the figure was 45% among regional associations, smaller associations and those with no paid staff). The remaining 36% work regularly with other non-profits, with a higher figure (41%) in Sydney-based associations, those with an income over $100k (60%) and of those with paid staff (55%). Larger employing associations based in Sydney are thus more likely to work formally and informally with other non-profits.

3.3 Income profiles

3.3.1 Grossing up

In this section, and in sections 3.4 and 3.5, analysis is based on estimates of the total size of the association sector, as well as the survey results themselves. The grossing method is relatively straightforward: the mean averages for variables in each of five income strata are multiplied by the number of associations in each income stratum. The Register of Associations provided the number of associations by income strata, and the results produced by multiplying survey means by the number of associations were compared with figures generated directly from the Register (see Table 3).

Table 3: Grossing and comparison with Register data

	$1-$10k	$10k-$100k	$100k-$500k	$500k-$1m	$1m plus	Total
Registry data: means ($)						
Income	4,313	35,444	226,437	676,940	2,547,626	
Expenditure	6,170	34,852	221,204	625,883	2,197,682	
Assets	17,046	54,414	217,618	790,519	2,878,499	
Liabilities	1,235	8,042	59,944	177,745	1,254,925	
Net assets	15,811	46,371	157,675	612,774	1,623,574	
Survey data: means ($)						
Total income	4,016	35,753	241,486	730,225	2,614,432	
Total expenditure	4,331	34,831	227,864	703,009	2,358,489	
Total assets	12,843	62,667	334,008	708,077	2,600,281	
Total liabilities	3,861	6,876	58,935	209,504	984,807	
Total net assets	9,567	55,553	287,620	517,358	1,412,981	
Number of assns	4,690	6,178	1,933	356	241	
Population estimates: ($m)						
Total income	18.8	220.9	466.8	260.0	630.1	**1,596.5**
Total expenditure	20.3	215.2	440.5	250.3	568.4	**1,494.6**
Total assets	60.2	387.2	645.6	252.1	626.7	**1,971.8**
Total liabilities	18.1	42.5	113.9	74.6	237.3	**486.4**
Total net assets	42.1	344.7	531.7	177.5	389.4	**1,485.4**
% difference from Register data						
Total income	-6.9	0.9	6.6	7.9	2.6	**4.2**
Total expenditure	-29.8	-0.1	3.0	12.3	7.3	**4.9**
Total assets	-24.7	15.2	53.5	-10.4	-9.7	**8.8**
Total liabilities	212.7	-14.5	-1.7	17.9	-21.5	**-9.4**
Total net assets	-39.5	19.8	82.4	-15.6	-13.0	**15.2**

Looking at the bottom section of the table reveals there is variation by income strata, however the overall estimates for total income and total expenditure are less than 5% different from those generated directly from the Register. This difference can be explained by a number of factors: sampling error; the different methods by which estimates were produced; and coverage of associations in the survey that had not produced a financial statement for the Registry for three years (this would explain why the survey-based estimates are higher than those on the Register).

The figures are however broadly consistent, and as such the population estimates derived from the survey results have been used as population figures for financial data. Furthermore, as the following discussion reveals, there is a link between organisation size and 'human resources' data, such as the number of members, employees and volunteers. Since the income figures generated from the survey are very close to those on the Register, survey estimates for human resources data were grossed up in the same way (mean averages in each income stratum multiplied by the number of associations in each income stratum). These figures are presented below in Section 3.5.

3.3.2 Income: grossed figures

Total income for the association sector in NSW is estimated to have been $1.6 billion in mid 2003. Table 4 provides an overview of income. It should be noted that respondents were unable to allocate all of their total income to the breakdowns provided. The $111.1 million unallocated income is termed 'not elsewhere classified (NEC)', and this figure is excluded from the discussion below. As Table 4 shows, almost half of total income came from government, although the median of 0 reveals that less than half of respondents actually received funding from this source. Fundraising and sales of goods and services are the other main income sources overall, with membership dues making up only 9% of the total.

The mean total income figure is more than ten times larger than the median – the sector's income is heavily skewed and concentrated among a small number of large associations. Looking at the median column, it is evident that a 'typical' association relies upon fundraising and membership dues for its revenue. How income patterns vary among associations of different sizes is the focus of the remainder of this sub-section.

Table 4: Income totals, means and medians (all respondents)

	Total ($M)	% total income	Mean ($)	Median ($)
Total income	**1,596.5**		**281,780**	**22,475**
Government funding	720.5	45.2	153,276	0
Membership dues	148.5	9.3	20,404	800
Total fundraising	261.6	16.2	36,653	2,207
Donations	132.7	8.3	24,039	100
Special events, fetes etc	64.1	3.9	7,515	0
Other fundraising	65.1	4.0	5,544	0
Interest	26.8	1.7	4,765	67
Payments for goods and services	259.7	16.4	46,367	53
Sales to members (where specified)	155.8	9.8		
Other	68.3	4.3	12,342	0
Not elsewhere classified (NEC)	111.1	7.0		

Looking at income by size band (Table 5) illustrates the concentration of income among the biggest associations. Those over $1 million account for $39.50 of each

$100 of total income raised by associations, whereas those with incomes less than $10k only account for $1.20 of every $100 of income. 85% of total income is accounted for by the 20% of associations with incomes above $100k. There is an even more marked concentration of government income in the same associations (96% of the total), but less for membership dues (72%) and fundraising (62%).

Table 5: Income by income strata ($m)

	Income strata				
	<$10k	**$10k-$100k**	**$100k-$500k**	**$500k-$1m**	**$1m plus**
Total income	**18.8**	**220.9**	**466.8**	**260**	**630.1**
% total income in each stratum	1.2	13.8	29.2	16.3	39.5
% total assns in each stratum	34.8	45.9	14.3	2.6	1.8
Government funding	1.3	28.9	193.7	127.9	370.5
Membership dues	5.5	36.7	53.7	18.7	33.4
Total fundraising	6.8	91.9	69.6	20.8	69.9
Donations	*2.0*	*24.1*	*35.9*	*10.7*	*59.2*
Special events, fetes etc	*3.4*	*30.7*	*13.5*	*6.0*	*9.5*
Other fundraising	*1.4*	*36.9*	*20.5*	*4.2*	*1.3*
Interest	0.5	5.1	7.5	3.6	10.1
Payments for goods and services	2.8	38.2	97.1	58.2	64.9
Sales to members	*2.0*	*23.8*	*46.5*	*26.0*	*18.4*
Other	1.1	16.1	16.3	15.1	19.5
Total (% total income above)	95.6	98.2	93.8	94.0	90.2

A different way of looking at these income patterns is to consider the relative importance of income sources for different-sized associations. Assessed in this way there are marked variations.

The importance of government funding is positively correlated with the overall income level, becoming more important as overall income rises (6.8% of total income in associations smaller than $10k compared with 58.8% in those over $1m). In contrast, membership dues have an inverse relationship with overall income level, in that they become less important as overall income rises (29.2% of total income in less than $10k, 16.6% in $10k-$100k, but only 5.3% in over $1m). Fundraising too has a relationship with overall income level, in general becoming a smaller proportion of total income the bigger the association. However this relationship is not as linear as that for government income or membership dues. Payments for goods and services have a ‘humped profile’, being most important for associations between $100k and $1m where they make up more than 20% of total income. These sales are less likely to be to members as the total income figure increases. Interest payments range between 1.4% and 2.6% of total income, but tend to be more important among smaller associations, with other income (including rents from properties for example) highest among the smaller associations. Finally, associations over $1m were unable to classify 9.8% of their income using the breakdowns in the survey, compared with 6% and less among all others.

Smaller associations, therefore, rely most on revenue from fundraising (especially special events like fetes and donations), membership dues, and to a lesser extent selling goods and services. Medium to large associations rely most on government funding and selling goods and services, while the very largest generate the majority of funding from government, but are also reliant on fundraising and selling goods and services.

3.3.3 Income: patterns from the survey responses

Another way of analysing funding is to consider the number of funding sources that associations have. The discussion above indicates that associations exhibit mixed funding bases, although different types of funding have varying significance depending upon an association's size. The survey provides information on six revenue streams, of which membership dues was the most common, with 85% of associations receiving revenue from this source. (This despite the fact that associations are member-based organisations, which might have led to an expectation of all of them receiving member dues). Two explanations as to why are (i) that some respondents only provided a total income figure with no breakdowns (hence the 8% of NEC income noted above) or (ii) that some associations only levy a joining fee as opposed to members having to pay annually.

Despite being relatively unimportant in total value terms, interest payments were the second most common revenue stream (77% of respondents) closely followed by fundraising revenue (73%). Funding from the remaining three revenue streams was received by a minority of associations – 46% trading, 36% other funding, and 33% government funding.

Research in the non-profit sector has tended to throw up somewhat contradictory evidence about the benefits (or not) to non-profits of having diversified revenue streams. While the survey does not enable the tracking of changes through time (and hence the evaluation of any patterns by the degree of diversification in income sources), the data do enable some comparisons between associations. One important caveat to note, however, is that funding from a single revenue stream (e.g. government) might involve a number of different departments, grants or contracts. Hence, the survey does not provide a full picture of revenue portfolios, but instead highlights general patterns.

Nine per cent of associations reported no revenue from the streams covered by the survey (although they may have reported a total income figure). A further 16% only received revenue from one stream, and 15% from two. The most common revenue portfolios comprised three streams (23%) or four (26%), with smaller proportions having five (14%) or six revenue streams (7%). The pattern is therefore a normal, bell-shaped distribution. Among different types of association there are however variations. For example, almost 60% of those with income below $100k have three or fewer revenue streams, compared with only one in four of those with income above that mark – with a similar pattern distinguishing those without paid staff from those with. This relationship with association size is borne out by the finding that 63% of those with one revenue stream and half of those with two have an annual income of less than $10k, whereas 20% of those with six revenue streams have an annual income over $1 million. A majority (52%) of Sydney-based associations have three or more streams, compared with a minority (46%) of those based in regional NSW.

3.4 Expenditure and balance sheet

In total, it is estimated that associations spent $1.49 billion, or 94% of their total income, and had total assets of $1.97 billion, 124% of total income, in mid 2003. The largest associations spent 90% of their total income, whereas those with income of less than $10k spent 108% of income. Almost one in three respondents in the latter income stratum reported expenditure greater than their income. There are a number of likely explanations for this finding including any or a combination of: the data for 2002/3 are a one-off; these associations were expending more resources than had been paid in previous years; and/or these associations were expending their assets. As for larger associations, some of the income they report might actually be for expenditure in future financial years, as is often the case in respect of government (and which is being accrued accordingly), or alternatively they may be attempting to build up assets on their balance sheets.

Across all associations it is estimated that 48% of expenditure went on staff costs ($733 million), 44% on other costs ($642 million) and 8% on purchasing goods for sale ($120.2 million). As Table 6 reveals, these figures varied markedly by size of association. Since smaller organisations have lower staff costs and the amount allocated to the purchase of goods remained relatively low across the board, the ‘other’ expenditure category contains more than a third of total expenditure for all income strata (and markedly more for smaller associations). Despite this, it is evident that staff costs are significant among those with incomes above $100k – the same size of organisations that tend to have large proportions of government funding in their revenue mixes. Conversely, staff costs are low or non-existent for smaller associations which, along with findings about members below, might suggest some kind of split into ‘employee’ and ‘member/volunteer’ associations. However, while this holds true at the broad sectoral level, it should be noted that staff costs were a much higher proportion of total expenditure among the minority of small associations employing people. For example, in those employing associations with annual incomes below $10k, 41% of total costs went to paying staff and 53% of total costs went on paying staff among employing associations in the $10k-$100k income band.

Looking at the balance sheet data reveals that these resources are more evenly distributed across the sector than income, but there is still a marked concentration among the larger associations. Almost a third of total assets (but almost half of the total liabilities) are accounted for by associations with incomes over $1m, however those below $100k account for more than 20% of total assets, and even more of total net assets due to their lower level of liabilities. Interestingly, smaller associations have larger assets when compared with their operating expenditures than do larger associations.

Table 6: Expenditure and balance sheet ($m)

	<$10k	$10k-$100k	$100k-$500k	$500k-$1m	$1m plus	Total
Total expenditure	**20.3**	**215.2**	**440.5**	**250.3**	**568.4**	**1,494.60**
% total income	107.9	97.4	94.4	96.3	90.2	**93.6**
Staff costs	0.9	51.4	225.1	143.7	311.5	**732.5**
% total expenditure on staff costs (only those with paid staff)	*40.6%*	*53.1%*	*63.1%*	*58.5%*	*56.7%*	***57.8%***
Purchases of goods	1.9	25.6	28.6	16.3	47.7	**120.2**
Other	17.5	138.2	186.8	90.3	209.2	**642**
Total assets	60.2	387.2	645.6	252.1	626.7	**1,971.80**
Total liabilities	18.1	42.5	113.9	74.6	237.3	**486.4**
Net assets	42.1	344.7	531.7	177.5	389.4	**1,485.40**
Ratio of net assets: expenditure (years)	2.1	1.6	1.2	0.7	0.7	**1.0**
Debt/equity ratio	0.43	0.12	0.21	0.42	0.61	**0.33**

As Table 6 shows, associations smaller than $10k have net assets equivalent to just over two years of their operating expenditure, compared with only 0.7 years (eight and a half months) for associations over $500k. This measure is one indicator of sustainability, however it is not ideal, since many of the sector's assets are likely to be fixed (such as land and other kinds of property) and hence cannot be immediately liquidated for use as expenditure. Perhaps these smaller associations are spending some assets, which is why their operating expenditure was 108% of income in 2002/3.

The survey did not identify different types of asset, since the NSW Registry argued this information would not be easily provided by most associations. It is likely that some of the sector's assets will be property. However, only 15% of respondents reported owning property, though this proportion was markedly higher among associations in regional NSW (19%), those with incomes over $100k (29%), and those with paid staff (27%). This kind of asset potentially provides a source of revenue if it is rented to other agencies or groups, and might possibly be used to leverage in other resources.

There is only a low level of gearing among associations, as measured by the ratio, which is the ratio of assets to liabilities. The general rule is that this ratio should be at least 1:1 (i.e. at least one in Table 6). The overall of assets to liabilities is 4.1 (total assets are over four times the value of liabilities), although this ratio is highest among associations with incomes between $10k and $100k (9.1) and $100k to $500k (5.7). These are the lowest 'geared' associations, and potentially have the most opportunity to raise finance against their assets, depending of course on what form such assets might take, and how risk averse their committee and management might be.

Another financial measure potentially useful for associations is the debt/equity ratio, which is the ratio of an organisation's liabilities (debt) to its net assets (equity). As other Australian research notes, this is an indicator of how much of an association's equity is owned by its members, as opposed to its creditors. It is also an indicator of how easy it might be for an association to borrow more funds. For this ratio the rule is that the ratio should be no larger than 0.33, that is, it should have no more than 33 cents of debt for every dollar of equity. Across the sector as a whole the debt/equity ratio is right on the benchmark of 0.33, although there are marked variations by size of association. Using this ratio as an indicator of financial vulnerability would raise most alarm among those associations small than $10k and larger than $500k. Of course, these macro statistics, calculated at the income strata level, mask differences within income strata. More detailed analysis at the organisation level would provide better indications of any financial stress within the sector.

3.5 People (members, volunteers, and staff)

Associations are expressions of collective action, and represent the most common form of incorporation for community groups in NSW. This section includes gross estimates for members, volunteers and staff generated in the same way as the financial estimates discussed above (mean average in each income stratum multiplied by the total number of associations in each income stratum). The discussion here also draws upon figures direct from the survey that shed more light on some socio-demographic characteristics of the people involved in associations, where they live, and what they do in their associations.

Table 7: People involved with associations (gross estimates)

	Income strata					
	<$10k	**$10k-$100k**	**$100k-$500k**	**$500k-$1m**	**$1m plus**	**Total**
Number members (people)	364,863	991,543	492,360	116,061	389,331	**2,354,158**
% total members (people)	15.5	42.1	20.9	4.9	16.5	**100**
Number members volunteered last month	44,315	134,296	202,576	18,353	92,208	**491,747**
Number non-members volunteered last month	10,488	80,859	16,924	5,658	22,148	**136,077**
Total number of volunteers in past month	54,803	215,155	219,500	24,011	114,356	**627,825**
Number paid staff	234	2,572	9,359	5,354	10,614	**28,133**

The survey revealed that overwhelmingly the membership of associations is made up of people - 86% of associations have people as members, with only 4% having organisations as members and 10% having a combination of the two. The total members figures in Table 7 are only for associations with people as members. It was not possible to disentangle member totals for associations with both people and organisations as members in their constituent parts, and the small number of associations with other organisations as their members made it unreliable to gross up their figures.

3.5.1 Members

It is estimated that associations in NSW had a total of 2.35 million people in their membership in mid 2003. This is not a count of the total number people in NSW who belong to an association, since some people will be members of more than one association. Consequently the actual number of individual people who are members of associations in NSW would likely be lower.

Members are spread across all sizes of association, although the largest number is among those with an annual income between $10k and $100k, and the smallest in the $500k to $1m stratum. However, there are nearly 390,000 members (16.5% of the total) among the 2% of associations with an annual income in excess of $1 million. Other statistics illustrate this ‘top-end’ concentration - the mean number of members (248) is five times larger than the median of 50. One implication is that even if only these associations over $1 million were ‘migrated’ to a different form of incorporation (such as company limited by guarantee as is being investigated by the Registry[3]) then the sector would lose one in six members, and over two-thirds of members would then be found among associations with incomes below $100k.

Focusing on those associations with people as members reveals some patterns by the age of their members, their indigenous status, and their gender.

A majority of associations had members in the 25-54 age bracket (55%) and many of the rest (38%) had members aged 55 and older. 32% had women or mostly women as members, 29% men and 39% equal proportions. Half had members sharing the same ethnic background, and 7% of associations had Aboriginal and/or Torres Strait Islanders as their members.

Regional NSW associations are more likely to have Aboriginal and/or Torres Strait Islander members (9%). Smaller associations have more balanced aged profiles (49% aged 25-54 compared with 68% in larger associations, and 42% aged 55 and over compared with 28% in larger associations). Larger associations are more likely to have women members (38%) and less likely to have men (18%) – a similar picture is exhibited by those with paid staff. Larger employing associations are more likely to have Aboriginal and/or Torres Strait Islander members.

[3] The Registry is flagging associations with $500k+ income and in assets, especially those that are neither religious groups nor schools. This would have a marked impact. Removing such associations cuts 57% of total income; 48% of paid staff; 48% of volunteers; and 45% of total members among respondents (NB this may overestimate the impact but reveals it would be significant).

Respondents were asked to specify the ethnicity of their members, and 462 (39%) provided a write-in answer to this question. Thirty-four respondents specified the ethnicity of their members as people of non-English speaking origins. This means 7.4% of associations that provided a write-in answer had members of non-English speaking origin (see Table 8).

Table 8: Ethnic origins of members

	Number	% of total
No write-in provided	733	61.3
White Australian/Anglo-Celtic	428	35.8
Non-English speaking	34	2.8
Non-English speaking as % of write-ins (34/462)		*7.4*
Total	1,195	100

As befits their geographical scope of activities, which is mostly the local level, 82% of associations have members living mostly in one local area, with only 12% having a state-wide membership and 6% from across Australia. Ninety per cent of regional NSW associations have local members, compared with 73% of those in Sydney. Smaller associations and those with no paid staff are also more likely to have local members.

It has already been noted that most of the current committees had been elected into their posts (in total, or at least for some of the posts), and this itself is one indicator of an active membership – both in respect of people standing for committee posts and in terms of people casting their votes in associational elections. When asked how active they felt their members were, 55% of associations felt most were active, 33% that some were and 12% that very few were. It should be noted that ‘active’ was not defined in the survey questionnaire, however in theory it could include activities such as standing for and taking part in elections, volunteering, or taking part in club activities such as sports. Results suggest a more active membership in regional NSW, where six in ten associations classed most of their members as active. Conversely, half of Sydney-based associations described their membership in that way, leaving the other half to view either some or only very few of their members as being active. Larger employing associations were more likely to describe only some or very few of their members as active, perhaps reflecting their larger membership numbers.

When asked to compare with five years ago, only 17% of respondents felt their membership was more active, with 67% saying it was about the same. Despite them having a perceived lower activity rate overall, larger employing associations were more likely to view their membership as more active compared with five years before. Using a ten-point scale, ranging from ‘active members only useful to the association’ to ‘passive members also useful’, respondents typically placed themselves in the middle of the range, suggesting both types of member are equally valued. Finally, 70% of associations actively seek to recruit new members, with a slightly higher proportion among those with paid staff (72%).

3.5.2 Volunteers

Associations benefit from the activities of volunteers, drawn from either their membership or the wider community. In total, almost 628,000 people volunteered for associations in the month prior to the survey, 492,000 (78%) of whom were members. This suggests a major 'booster effect' among associations, in that more than one in six members provides 'work' for their associations at no charge. While such activities will include volunteering for a committee, it is likely that other tasks will be included here, such as providing transport, arranging and running events, and coaching. The impacts of volunteering are both social, in terms of linking people together in their communities, and economic, in that this 'free labour' can be valued and its contribution to the economy calculated.

3.5.3 Paid staff

Finally, there are the paid staff of associations, who are far fewer in number (28,133) than either members or volunteers. Given the nature of the sector – member-based, volunteer, and relatively small agencies – this balance between paid and unpaid workers is to be expected. Indeed, only one in three respondents (34%) reported having paid staff. Across all respondents the average was five paid staff. It should be noted that this figure is a headcount of people, and not a full-time equivalent figure. It is likely that some of these posts will be part-time, and so the actual number of full-time equivalent posts will be lower than 28,133. Only one in four associations employed more than two people, suggesting a small number of relatively large employers. This is borne out by the finding that associations in the $1million plus income bracket employ on average nine times more staff than the sector average, and in total they account for more than one third of all employees. However, note too, that those between $100k and $500k are also significant employers, with over 9,000 paid staff on their books.

3.6 Industry analysis: survey responses

The survey questionnaire included a classification of organisational activities, and respondents were asked to tick one activity that most closely fitted their organisation. There was an 'other' category if none of the specified activities fitted, and respondents ticking it were asked to write a brief description of their organisation's activities. The classification was constructed to enable a 'walkover' to the Australian and New Zealand Standard Industrial Classification (ANZSIC) at the two-digit level, which would enable the association sector to be compared with other parts of the social economy such as co-operatives, as well more broadly with parts of the NSW economy. 981 responses were automatically recoded to ANZSIC, and an additional 179 were manually recoded – these were the 'other' category write-in responses. A small number of respondents did not complete the question on the survey and are excluded from this analysis.

Respondents cluster into six two-digit ANZSIC codes. 35% are classified as 'Sport and Recreation', 20% as 'Other Services' (religious organisations and interest groups); 18% provide 'Community Services' and 15% are in the 'Libraries, Museums and the Arts'. The remainder fell either into the 'Education' (5%) or 'Health Services' (4%) sectors.

A different picture emerges when the financial figures gathered from the survey are grossed up to produce population estimates (see Table 9). 'Community Services' accounts for $684 million (43% of the sector's total), followed by 'Other Services' with $267 million (or 14%). The other four industry sectors each comprise around 10% of total income, with 'Education' accounting for the smallest proportion of the total (8.1%). The bottom row allows a comparison with all Australian nonprofits. While these data are nationwide and for 1995/96, it is unlikely the shape of the sector will have changed too much in six years. What seems clear is that associations are more concentrated in 'Sport and Recreation' and 'Other Services' than the sector as a whole, and is most under-represented in 'Community Services' (a number of nonprofits in the latter industry are likely to be large charities registered as companies limited by guarantee).

Table 9: Income estimates by industry ($m)

	Education	Health services	Community services	Libraries, museums, arts	Sport and recreation	Other services
Income	128.9	151.7	683.9	159.1	207.5	266.9
% Total income	8.1	9.5	42.8	10.0	13.0	16.7
% Total income all nonprofits *	10.4	11.2	48.6	10.5	5.8	13.4

* All nonprofits in 1995/96. Source Lyons and Hocking (2000) *Dimensions of Australia's Third Sector*

Analysis of the survey findings suggests that associations in the employing sectors ('Community Services', 'Health Services' and 'Education') are more likely to have multiple funding sources compared with 'voluntary' agencies. For example, more than 40% of the former have five or six funding sources, whereas as only 25% of those in the 'Libraries, Museums and the Arts' have likewise, and this figure falls to 14% of associations in the 'Other Services' and 'Sport and Recreation' sectors.

Looking in more detail at these different funding sources, it is clear that government revenue is concentrated in the 'Community Services' sector (75% of associations get funding from this source) and to a slightly lesser extent the 'Education' sector (64%). Conversely, only one in four associations in the 'Libraries, Museums and the Arts' or that provide 'Other Services' get government funding. Instead, 88% of them receive funding from membership dues, compared with 62% of those in the 'Community Services' sector. At least two in three associations in all sectors receive interest payments, though the figure is markedly higher among 'Community Services' organisations. This is most likely the consequence of their high level of government funding, which tends to be paid at least several weeks in advance. Between 50% and 60% of 'Community Services', 'Health Services' and 'Education' associations generate revenue from the sale of goods and services, whereas the figure ranges between 30% and 40% of associations in other sectors.

Table 10 provides more detail on funding, as well as information on 'people profiles' by ANZSIC, and again associations fall within two fairly distinct groups (columns two to four, and five to seven). Looking in more detail reveals some distinct patterns among different industries. Associations working in 'Education' are most dependent upon government, selling goods and services and member dues for their revenue, and display a 'bias' towards paid staff in their people profile. 'Health Services' too rely upon government and selling goods and services, but also have a major fundraising profile. They too exhibit a people profile of paid staff. ‘Community Services,’ on average, generate more than half of their revenue from government, and almost 20% from selling goods and services. Unlike those mentioned previously, they benefit from a sizeable input by volunteers, but like them they are employee associations.

Associations in other sectors are different from those mentioned previously, in that they receive relatively small amounts of government funding. Instead, on average, they receive around one in three dollars of their revenue from fundraising, and around one in six from selling goods and services. There are then some distinctions by ANZSIC. ‘Sport and Recreation’ associations on average generate 36% of their total income from member dues, and their people profile reveals they account for more than one in three of all members, and almost 20% of volunteers. In contrast they only employ 3% of the association sector’s total workforce. Associations providing ‘Other Services’ also depend upon member dues (an average of 26% of total funding), and account for 29% of total members. However, their main people characteristic is that 61% of total volunteers ‘work’ in this area. Finally, ‘Libraries, Museums and the Arts’ exhibit the most balanced funding and people profiles
.

Table 10: Importance of income sources and people statistics by ANZSIC (survey estimates based)

	Education	Health services	Community services	Libraries, museums, arts	Sport and recreation	Other services
Mean average						
Percent government funding	39.6	40.7	51.8	11.5	1.1	17.1
Percent membership dues	20.7	6.1	4.1	19.7	36.0	25.6
Percent fundraising	10.3	29.1	12.5	41.3	36.4	35.9
Percent interest payments	2.2	2.4	2.0	1.9	2.5	5.3
Percent sales goods/services	24.0	23.3	19.2	18.2	18.3	16.6
Percent other funding	3.4	2.5	4.7	7.2	7.8	4.0
People						
Percent of total members	4	2	16	27	28	23
Mean number of members	216	141	226	485	172	312
Percent of total volunteers	2	1	13	5	18	61
Mean number of volunteers	23	21	40	21	26	169
Percent of total staff	17	10	58	6	3	6
Mean number of staff	17	12	16	2	<0.5	2

3.7 Regional analysis

In this section the analysis draws from two data sources: the Register of Associations provides estimates of total income and total expenditure broken down by region; the survey results provide regional breakdowns of total income and expenditure into different sources of funding and types of spending, plus information on people and organisational networks.

On the Register the contact for each association is its public officer, who is responsible for lodging documents, and is the primary contact in the organisation. The public officer's postcode was used to build a regional profile of associations in NSW. It should be noted that the location of the public officer is not necessarily that of the association itself, however since most associations are relatively small it is likely that the public officer will be local to them.

A further complication is that there is no standard regional classification in NSW - different government departments do not use the same classification for example – and the Australian Bureau of Statistics uses Statistical Local Areas (SLAs), the majority of which are co-terminus with local authorities. This analysis adopts the non-Sydney regions used by the NSW Department of Regional and State Development, which they term 'business regions' (see www.business.nsw.gov.au). For Sydney, regions used by Australia Post for organising the sorting of mail were adopted. A region identifier was allocated from postcodes, using the Print Post Sort Plan developed by Australia Post (see www.auspost.com). Unfortunately, the Australia Post information did not enable identification of a Central Coast region, which is therefore missing (it is partly subsumed by Sydney and partly by the Mid North Coast).

It should be noted that some public officers reside outside of NSW, and these associations were allocated to the most relevant NSW region. Public officers with a Queensland address were allotted to Northern Rivers (three associations), those in Victoria to Murray (12 associations) and those in the Australian Capital Territory have been labelled as the Australian Capital Region (1,289 associations). There were also a number of postcodes not allocated a spatial locator more specific than being within Sydney metro area. These were termed Sydney NEC (not elsewhere classified). Finally, it was not possible to regionally classify 212 associations (0.4% of the total) since they either had no postcode or the information held in the postcode field was not a valid postcode.

As Table 11 shows, the regional pattern of response in the survey is similar to the regional pattern on the Register, which suggests the survey estimates cover the length and breadth of the state. That said, there is some bias towards regional NSW – 52% of responding surveys came from outside of Sydney, compared with less than 50% on the Register. However two key issues emerge from an assessment of these patterns.

First, there are some associations with no regional tag. This means that the estimates discussed in this section will be slightly different than those in other sections since they are generated from a smaller number of associations. That is, they cover around 96% of the sector's income, and around 90% of members and volunteers alike.

Second, is that some of the cell sizes region-by-region are relatively small, such as 20 in Orana, 34 in Murray, and 36 in Sydney East. Furthermore only one association based in Sydney City responded. Therefore four 'macro-regions' were created to help geographical analysis:

- Sydney-based associations were combined into a single *Sydney* macro-region
- *West,* which comprises Murray, Riverina, Central West, Orana, Far West, and New England
- *Coastal North* comprising Hunter, Northern Rivers, and Mid North Coast
- *Coastal South/ACR* made up of Illawarra and the Australian Capital Region.

Table 11: Response by region: survey and Register compared

	Survey		Register	
	Frequency	**Valid %**	**Frequency**	**Valid %**
Murray	34	2.9	876	2.6
Riverina	58	4.9	1,546	4.6
Central West	61	5.1	1,733	5.2
Orana	20	1.7	943	2.8
Far West	40	3.4	232	0.7
New England	118	10.0	1,908	5.7
Hunter	51	4.3	3,424	10.2
Northern Rivers	59	5.0	2,086	6.2
Mid North Coast	76	6.4	1,389	4.1
Illawara	43	3.6	1,178	3.5
Australian Capital Region	52	4.4	1,287	3.8
Sydney City	1	0.1	227	0.7
Sydney East	36	3.0	1,117	3.3
Sydney South	117	9.9	2,986	8.9
Sydney South West	72	6.1	3,404	10.1
Sydney North West	144	12.2	3,914	11.7
Sydney North	112	9.5	2,932	8.7
Sydney NEC	91	7.7	2,360	7.0
Total	**1,185**	**100**	**33,542**	**100**
Missing (no postcode)	10		876	

3.7.1 'Raw' data

In section 3.7.2 below the findings are rebased to the populations of the four macro-regions. In this section however 'raw' data are compared with allowance for population size. Reference to Table 12 reveals the economic importance of Sydney.

Associations based in Sydney account for $895m of income (almost 60% of the total), compared with $283m in the West, $282m in the Coastal North and $70m in the Coastal South/ACR. Sydney accounts for a similar proportion of all government income ($471m or 59% of the total) and there are even more marked concentrations of fundraising income ($134m or 74% of the total from that source) and in membership fees ($73m or 67% of the total). The concentration in Sydney of trading income is less marked, since Sydney-based associations account for $114m or 51% of the total from this source, around two-thirds of which involved selling goods and services to members. The majority of staff costs ($384m or 56%) also accrued to Sydney-based associations

Table 12: Raw financial data by macro-region

	$million					
	Total income	**Gov'ment**	**Member fees**	**Fundraising**	**Trading**	**Staff costs**
West	283.2	144.2	21.5	19.5	29.1	129.9
Coastal North	281.9	151.4	9.5	17.3	64.3	140.0
Coastal South/ACR	70.2	33.1	2.8	6.9	17.7	30.4
Sydney	895.0	471.1	73.4	133.9	113.5	383.7
Total	**1,530.2**	**800.8**	**109.0**	**182.1**	**221.2**	**682.9**

Looking outside of Sydney, almost one in five dollars of income from government and from members is raised in the West ($144.2m and $ 21.5m respectively), while just more than one in ten dollars of income from fundraising ($19.5m) and trading ($29.1m) accrues to associations in that particular macro-region. Trading income is important to associations in the Coastal North, where $64.3m or 29% of all income from this source is generated. In contrast membership dues and fundraising are less important. The relatively small Coastal South/ACR typically accounts for less than 5% of total income from the major sources, except for trading where the figure is $17.7m or 8%. Associations in the Coastal North spent $140m on staff costs (20% of the total) compared with $130m in the West (19%). The South Coastal/ACR macro-region had markedly smaller staff costs totalling only $30m or 4% of the total for the sector as a whole.

Similar patterns are evident when analysing data on people by macro-region (see table 13). Again Sydney has a leading role, accounting for almost 1.5 million members (72% of the total) and 13,176 or 47% of paid staff. Elsewhere the West accounts for 16% of total members and 22% of paid staff. Almost a quarter of paid staff are found in the Coastal North.

There is, however, a different pattern when the final two columns are assessed. These are two separate groups of volunteers, but both are measures of active citizens – either members or non-members – who give their time voluntarily to undertake activities on behalf of associations. The majority of member volunteers (or what can be termed active members) are found in the West, despite these associations having a lower membership overall than in Sydney-based associations. While Sydney accounts for 45% of volunteers drawn in from the wider community, the Coastal North runs it close, accounting for 40%.

Table 13: People by macro-region

	Numbers of people			
	Paid staff	**Members**	**Member volunteers**	**Non-member volunteers**
West	6,285	321,543	185,893	7,717
Coastal North	6,480	158,497	28,177	29,100
Coastal South/ACR	2,192	80,684	8,567	2,925
Sydney	13,176	1,461,689	136,492	32,194
Total	**28,133**	**2,022,413**	**359,130**	**71,937**

What these findings suggest is a different profile for associations in different macro-regions when compared with each other and with the total figures for these people. As a whole, Sydney is the macro-region of membership and paid staff. The West has some kind of balance between paid staff and members and seems most successful in generating voluntary inputs from members over and above their member fees. The Coastal North has a skewing towards paid staff, but is also successful in generating volunteers from the wider community – maybe on the back of efforts by paid staff. The Coastal North/ACR is again relatively small, but has a concentration of paid staff compared with members and volunteers.

There were also differences by industry or area of activity, although Sydney again accounts for the majority of spending in all industries, except for Community Services, where it makes up 48% of the total (or $303 million). In this case there are relatively high proportions in the Coastal North (30% or $188 million) and the West (20% or $130 million). Elsewhere, Sydney accounts for between 68% and 84% of total spending by industry. A different way of assessing this data is to look at industry spending within each macro-region. When we do this we can see that: the Coastal North is dominated by Community Services (which accounts for 68% of the total); the majority in the West also goes in this area (55%); two key areas stick out in the Coastal South/ACR (Other Services at 28% and Community Services at 27%) and that the same two areas of activity are most important in Sydney (33% for Community Services and 19% for Other Services). Associations in different parts of the state seem therefore to 'specialise' in different areas of activity.

Table 14: Spending by industry and macro-region ($m)

	Education	Health services	Community services	Libraries, museums and the arts	Sport and recreation	Other services
West	15.5	14.2	129.9	10.7	30.3	37.8
Coastal North	11.9	0.4	188.4	32.3	24.5	20.4
Coastal South/ACR	9.7	7.5	16.3	0.6	10.0	16.8
Sydney	82.0	118.2	303.1	104.8	135.0	175.9
Total	**119.0**	**140.3**	**637.8**	**148.4**	**199.9**	**250.9**

In section 3.2.2 we noted that the majority of associations claimed they had a benefit wider than their members alone, that they were members of formal (vertical) networks, and that they were members of informal (horizontal) networks. Reference to Table 15 shows that these findings are consistent across each of the macro-regions, in as far as a majority in each had these same characteristics (wider community benefit, membership of vertical and horizontal networks). Closer comparison between macro-regions does however reveal some variations.

Table 15: Benefit and organisational linkages

	Primary benefit (% total)		Networks			
	Members only	Other people/ community	% in vertical network	Vertical networks	% in horizontal network	Vertical networks per assn
West	39.5	60.5	63.9	12,498	78.7	1.7
Coastal North	42.6	57.4	69.2	19,855	73.9	2.9
Coastal South/ACR	49.4	50.6	75.3	2,120	81.4	0.9
Sydney	47.3	52.7	64.6	63,017	78.3	3.7
Total	**44.7**	**55.3**	**66.2**	**101,309**	**77.8**	**3**

For example, those in the West were most likely to have a wider community benefit, but were the least likely to be in a vertical network. Instead they relied on informal horizontal networking to help these achieve their aims. The lack of formal networking might either be choice, or reflect a lack of organisational infrastructure to support the sector in the state's west.

Those in the Coastal North were also more likely to have a wider community benefit than among all associations, however they showed a markedly more balanced profile of networking (at least as far as can be measured in the survey) than associations in the West. Perhaps there are more networks available – the average of 2.9 vertical network memberships per association might suggest as much. Or, as noted above, they have a relatively large staff that might enable the development of more formal links with other organisations. If so, might this be limiting their opportunities for joint working in less formal ways?

In the Coastal South/ACR associations are almost evenly split between member only and wider community benefit. Associations in this macro-region are the most widely networked, with more than 75% in vertical networks and more than 81% in horizontal networks. Despite this they have less than one formal network per association, which might suggest a sector in this macro-region that is widely but shallowly networked. It is not clear from the findings if the almost 50-50 split in primary benefit between members and the wider community has an impact on the role of associations in networks in this macro-region. One hypothesis is that their greater propensity to member-only benefit (compared with associations elsewhere) limits their interaction with the wider community in their day-to-day activities. If so, might they then be enrolling in networks as a way of making up for these 'absent links'?

Finally, in Sydney there is also a greater propensity towards member benefit than the average for the state. What is more, while they are less likely to be in vertical networks than the state average, those who are in such networks are members of several, as evidenced by the finding that associations in Sydney have on average 3.7 memberships of formal networks per association. Associations there are only slightly more likely to be in horizontal networks than is the norm for the sector as a whole.

3.7.2 Data rebased to regional populations

As some of the findings on organisational linkages showed, comparisons between macro-regions take on a different complexion when the raw data are rebased to regional populations.

Rebasing estimates to the resident population of each region (and by extension, each macro-region) helps to control the concentration of associations (and resources) in Sydney. In so doing it enables more 'like with like' comparisons than those available by comparing the raw data alone. Regional population estimates used in this analysis are drawn from the NSW government website that was used to identify regions in the first place www.business.nsw.gov.au, and density figures are produced simply by dividing the number of associations per 1,000 population (or per capita). The NSW government website did not provide a population estimate for the Australian Capital Region, and so the figure for the Australian Capital Territory has been used. Nor did it break down the Sydney figure into smaller regions, so only a Sydney-wide population figure is used.

Table 16 summarises the pattern of associational density, and shows that across NSW there were five associations for every 1,000 people in 2002/3. Almost all the regions were above this average figure – the low ranking for Sydney, where half the associations and almost two-thirds of the population are based – has the effect of dragging down the overall density figure.

Table 16: Associational density

	Macro-region	Number orgs	Population	Assns per 1,000 population
New England	**W**	1,908	175,883	10.8
Riverina	**W**	1,546	149,039	10.4
Central West	**W**	1,733	172,790	10.0
Far West	**W**	232	24,603	9.4
Northern Rivers	**CN**	2,086	255,313	8.2
Murray	**W**	876	111,000	7.9
Orana	**W**	943	120,000	7.9
Mid North Coast	**CN**	1,389	226,332	6.1
Hunter	**CN**	3,424	573,000	6.0
Sydney	**S**	16,940	4,170,927	4.1
Australian Capital Region	**CS**	1,287	321,819	4.0
Illawara	**CS**	1,178	405,000	2.9
Total		**33,542**	**6,705,706**	**5.0**

There are two points in the ranking where the density figure decreases by more than 1.5 associations per 1,000 population, which suggests three possible groupings of regions by associational density. As the discussion shows, these map closely to the four geographical macro-regions introduced above.

The first group has associational densities of between 7.9 and 10.8, and forms a continuous geographical bloc from Northern Rivers to Murray. Indeed, with the exception of Northern Rivers, all the regions in this bloc are landlocked and belong to the West macro-region. A second bloc is made up of the Mid North Coast and Hunter, which belong to the Coastal North macro-region and form the coastal strip between Sydney and Northern Rivers. The third bloc comprises Sydney, the Australian Capital Region and Illawarra, which form the state's southern coastal strip, and where density rates are below the state average. These regions make up the Sydney and South Coastal/ACR macro-regions respectively. The mapping on to macro-regions us further illustrated by the associational densities for each: 9.6 per 1,000 population in the West; 6.5 in the Coastal North; 4.1 in Sydney and 3.4 in the Coastal South/ACR.

The relative importance of the association sector in different regional economies becomes more evident when financial data are rebased to the population. In Table 17, 'raw' financial data has been divided by the population of each macro-region. These financial data tend to map on to those for associational density. That is the balance of significance shifts from Sydney in particular to the West and to a lesser extent to the Coastal North.

Table 17: Financial data per head of population ($)

	Total income	Government	Member fees	Fundraising	Trading	Staff costs
West	375.88	178.59	24.37	29.63	48.79	172.44
Coastal North	267.28	142.47	9.60	17.32	62.61	132.75
Coastal South/ACR	96.60	45.54	3.88	9.48	24.35	41.83
Sydney	214.58	112.95	17.60	32.10	27.21	91.99
Total	**228.20**	**119.42**	**16.26**	**27.15**	**32.98**	**101.84**

Table 17 reveals that associations in the West generate an income of $376 per person, associations in the Coastal North generate $267 per person, those in Sydney $215 and those in the Coastal South/ACR only $97. While the West's per capita figures for government income ($179) and membership fees ($24) are still the highest, this gap to the other macro-regions is less than for the total income figure. For fundraising income, Sydney associations generate the most per capita ($32) suggesting larger and relatively sophisticated 'charity type' associations operate there. The Coastal North's $63 per capita of trading income is suggestive of major trading activity among 'social economy type' associations – especially in the Hunter region. That said, the large geographical swathe of NSW laying the other side of the Great Dividing Range from the coast is where associations might be seen to play the largest proportionate role in regional economies.

Table 18: People data per 1,000 population

	Per 1,000 population		
	Staff	**Volunteers**	**Members**
West	8.3	257.0	426.8
Coastal North	6.1	54.3	150.3
Coastal South/ACR	3.0	15.8	111.0
Sydney	3.2	40.4	350.4
Total	**4.2**	**64.3**	**301.6**

This point is further strengthened with reference to Table 18, in which estimates for people are rebased onto macro-region populations (this time they are shown per 1,000 population). While across the state the work force is relatively small – only 0.4% of the population - this figure is close to 1% in the West. What is more, in the West macro-region over one in four people volunteers for an association, and more than four in ten is a member. Elsewhere the figures tend to be much smaller, especially in respect of volunteers.