

RESET 2020»»

National Impact+Need Research Study



Equity Trustees

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COLLECTIVE

together we have the answers

The RESET 2020 National Impact+Need Research Study is an initiative of The Xfactor Collective.

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INTRODUCTION

Launched in April 2020 in response to a global pandemic that followed hot on the heels of natural disasters, **RESET 2020** is an initiative of The Xfactor Collective to support the social sector as organisations embarked on re-organising, re-calibrating and reinventing themselves.

The Xfactor Collective is a growing national network of 50+ specialist consultants and businesses, working across 300 areas of specialisation. **RESET 2020** delivers on the Collective's mission to improve the wellbeing of all social changemakers by creating opportunities to access support and advice in an equitable way.

RESET 2020 comprised two elements – **National Impact+Need Research Study**, and a series of **free online support and advice live broadcasts** featuring subject matter specialists, sector leaders and inspiring case studies, which were informed by the research study.

This report sets out the key findings from the research, capturing the impacts of COVID-19 and the changing needs for social sector organisations as the impacts of the virus became more apparent. Those impacts will continue to change, which is why we designed this study to be repeated over the coming year, so we can continue to track the evolving needs and determine what further support may be required. The **RESET 2020** data set will be a valuable tool that can be used to continue to monitor the health, wellbeing, productivity and outcomes of the sector, and inform future philanthropic interventions and support.

We thank **Equity Trustees** for their support through the Sector Capacity Building Fund, as well as our outreach partners including Philanthropy Australia, the Australian Charities and Not-for-profits Commission (ACNC), Foundation for Rural and Regional Renewal, Pro Bono Australia, Fundraising Institute of Australia, Australian Community Philanthropy, Social Change Central, Non Profit Alliance and the Lord Mayor's Charitable Foundation who all helped make this study possible.

We have been honoured to leverage this amazing network to walk alongside leaders and help them RESET. We trust that you find the research insights that follow of value.

Julia Keady
CEO/Founder
The Xfactor Collective



METHODOLOGY

This report is based on research commissioned by The Xfactor Collective, supported by Equity Trustees through the Sector Capacity Building Fund, and conducted by Survey Matters.

The research consisted of a quantitative, anonymous online survey, distributed by The Xfactor Collective, Equity Trustees and the Lord Mayors Charitable Foundation (LMCF) and others, as well as across various social media outlets. The survey was open to participants between 22 April 2020 and 31 May 2020.

A total of 380 completed responses were received, providing 95% confidence that the results are within a 5% confidence interval.

The results are intended to provide a snapshot of the initial impacts of the COVID-19 pandemic on the social purpose sector. Where significant differences are apparent between different types of organisations, these are mentioned throughout the report. This report also draws heavily on the free text comments to provide context to the data. Their inclusion provides richness to the quantitative results.

The research was also used to inform the contents of the RESET 2020 National Support Program offered by The Xfactor Collective to provide practical real-time support to the sector.

We aim to replicate this study at periodic intervals to track changes in circumstances. This will provide further opportunities for grant-makers and others to understand the support that is required as we navigate the effects of the pandemic.

SAMPLE

Primary Organisation Focus	Responses	%
Animal Welfare/Rights	5	1%
Arts/Culture/Creative	34	9%
Childcare/Early Education & Education/Schools/Universities (Inc. vocational, apprenticeships etc.)	27	7%
Disability	24	6%
Disasters/emergencies, Emergency relief	7	2%
Employment, Enterprise, Leadership	16	4%
Environment	20	5%
Health, Medical Research	28	8%
Housing/Homelessness	14	4%
Human Rights / Legal	5	1%
Human Services	9	2%
Indigenous	3	1%
International Development	4	1%
LGBTIQ	2	1%
Men/Boys	5	1%
Mental Health	14	4%
Migrants/Refugees	4	1%
Other	59	16%
Poverty/Economic Security	8	2%
Rural/Regional/Remote	35	9%
Social Enterprise, Entrepreneurs & Innovation	22	6%
Sport/Recreation & Tourism	18	5%
Women/Girls	9	2%

Organisation Type	Responses	%
Business or sector supplier	17	5%
Club	4	1%
Company Limited by Guarantee	18	5%
Educational Institution	8	2%
Foundation/Trust/PAF/PuAF	15	4%
Incorporated Association	100	27%
Intermediary	1	0%
Museum/Library	3	1%
Not-for-Profit	73	20%
Public Benevolent Institution	5	1%
Religious institution	3	1%
Social enterprise	22	6%
Tax deductible charity (DGR1)	89	24%
Other community organisation	14	4%

Years Operating	Responses	%
< 2 years	27	7%
2 - 5 years	45	12%
6 -10 years	40	11%
11 -20 years	72	19%
21 - 50 years	127	34%
51 - 100 years	37	10%
More than 100 years	26	7%

Where do you operate?	Responses	%
ACT	9	2%
NSW	91	24%
NT	6	2%
SA	20	5%
QLD	53	14%
TAS	11	3%
VIC	139	37%
WA	16	4%
Nationally	88	24%

Location	Responses	%
Capital city	175	47%
Regional city / town	86	23%
Rural	97	26%
Remote	16	4%

EXECUTIVE SUMMARY

COVID-19 has had a devastating impact on Australian society. From concern about the effects on health and health systems, through to the restrictions and impositions on businesses, jobs, the economy and every day lives, no-one has been spared the consequences of the pandemic.

Much research is already being done to measure the effects and outcomes across Australian businesses and the economy. To complement this, the RESET 2020 National Impact+Need Research Study sought to understand the impacts of COVID-19 specifically on the social purpose sector, particularly change-makers and others whose primary purpose is to provide vital services to their communities of interest.

The research collected data from organisations serving 23 different focus areas, from Arts and Culture through to Health, Housing and Homelessness, the Environment and Rural communities. To understand where organisations were being impacted by the pandemic, it sought to measure the effects of the pandemic across financial, workforce, volunteering and wellbeing factors.

Overall, the research finds that while the impact on the financial position of many in the sector has been serious, respondents report that the greatest impact has been the inability to provide their usual services to the communities they serve.

Many rely on face to face contact to deliver services and derive income, so the enforced lockdowns and social distancing requirements has severely impacted their operations. Restrictions on 'business as usual' have been acutely felt for most of the sector.

The research collected data from organisations serving 23 communities of interest

Impact to business as usual

The substantial contribution of charities to society and the economy is at risk as a result of COVID-19, as organisations in the sector face declining revenues and an inability to provide their usual services.

Fifty six percent (56%) of respondents report that an inability to deliver their services in the usual manner has been the greatest impact arising from the pandemic. This reflects the Australian Bureau of Statistics (ABS) Business Impacts of COVID-19 Survey in May 2020¹, which reported that restrictions on the ability to trade as normal had affected 73% of Australian businesses.

While the disruption is affecting revenues uniformly across the sector, demand for services is fluctuating. Nearly half of respondents (47%) report a decrease in demand as a result of government restrictions, while 35% are experiencing an increase in the need for their support.

Nearly two thirds (64%) have seen a loss of revenue since March 2020, Nearly four in 10 organisations report that not being able to run fundraising events is the biggest impact for them, while over a third are experiencing declining revenues from other areas such as sponsorships, partnerships and general donations. Only 3% have experienced a subsequent increase in revenue.

The impact to usual service delivery is also affecting those who these organisations' support. Delays to treatment, closure of community meeting places and cancellation of services have left many isolated. While many respondents have moved to online methods of service delivery, not being able to connect face to face is often detrimental to beneficiaries health and mental wellbeing.

The financial implications for the sector are profound

The social purpose sector generates \$155 billion in revenues and employs one in 10 Australians according to the Australian Charities and Not-for-profits Commission (ACNC) 2018 Australian Charities Report². Although the sector as a whole delivers billions of dollars to the economy, two thirds of registered charities report revenues of less than \$250,000². Nearly half of the respondents to this research fall into this category, while those with revenues of between \$250,000 and \$1 million make up another 18%.

Those with lower revenues are left vulnerable to the economic shock brought on by the pandemic. While most charities balance their books every year, more often than not they carry little reserves, largely due to rising costs and the regulatory environment they operate in. Forty five percent (45%) of respondents are carrying operating reserves of six months or less.

Further, while nearly two thirds have experienced falls in revenue, this is not offset by a fall in operating costs. Many are trying to retain staff, and still have ongoing costs for insurance, rent and other outgoings. As a result, nearly two in 10 respondents are already struggling to deliver services due to revenue loss or need immediate assistance to continue their operations.

Limited job losses... so far

An ABS survey in May 2020³ estimated that 2.3 million people are either unemployed, or underemployed, and that over half of employers have reduced staff hours of work.

Positively, for now, the workforce impacts on the social purpose sector do not appear to be as severe. While just over a quarter (28%) of respondents have either stood staff down or reduced their hours of work, around three in 10 report no impact to their workforce so far.

Further, the increased demand being experienced by some organisations is translating into longer working hours for employees. While few (5%) are employing more staff, 22% report their staff are working more hours to manage the additional demand.

The effect on volunteering is severe

Whilst job losses have been relatively low, the impact on volunteers that contribute so much to the sector has been significant. Seventy percent (70%) of organisations have either stood volunteers down or reduced their hours.

The social purpose sector relies on volunteers to deliver services. For many, volunteers are a vital component of their business operating model. Volunteers run the opportunity shops, community halls, market stalls and fundraising events, and lockdown restrictions and social distancing prevent these activities from operating. This not only affects revenue, it also impacts service delivery.

Without volunteers, many organisations cannot provide their services, resulting in reduced support to the communities that rely on them.

Concerns about mental health and wellbeing are showing

Ensuring the overall health and wellbeing of those who support the disadvantaged and vulnerable is paramount to them being able to provide appropriate responses. Unfortunately, uncertainty and the amount of change brought about by COVID-19 is causing concern about the effects on the mental health and wellbeing of staff and volunteers.

Over half of respondents (53%) indicated that uncertainty and change was having the greatest overall impact on their workforce. A further 28% reported that staff and volunteer mental health and wellbeing is being impacted. And reflecting the increased demand for services that are apparent, just under a quarter are concerned about the longer hours being worked by their staff.

So, what is the most valuable form of support for the sector?

Given the restrictions on operations and the resulting falls in income, it is not surprising that responding organisations report that the most valuable support they could receive right now is financial. Respondents want help to attract and retain donors, sponsors and partners, and to find new revenue sources.

They also need to be able to open their opportunity shops and hold fundraising events in person again, and to be able to market and sell their products and services. These activities form a vital part of their ongoing income and a return to business as usual will improve their financial positions.

Continued advocacy to governments about the benefits of the services they provide to the community would also be of value. Many mentioned that lobbying of government for assistance to continue their operations is an important component of ongoing support.

Support to keep a public focus on the issues and needs of their beneficiaries is also required. With so much attention on the effects of COVID-19 on health and the economy, many are concerned that the particular needs of their community of interest are being forgotten.

When it comes to the workforce, many require help to manage staff and volunteer mental health and wellbeing. With seven in 10 volunteers unable to work in their usual capacity, and employees having to work from home during the crisis, assistance with developing online systems and processes to be able to manage and support the workforce appropriately would also be valued.

While economic forecasts for Australia are negative for the near term, hopefully the easing of restrictions will enable the sector to resume their normal services sooner rather than later.



"Help us to develop a program to assist our staff working remotely with their wellbeing and mental health ... particularly those whose job involves speaking to anxious people all day."

Education Sector, \$1 – \$5M turnover



Key Findings

1

An inability to deliver services is the greatest impact of COVID-19

Being unable to operate as normal is impacting all areas of responding organisations' businesses. It restricts their ability to generate income. It affects beneficiaries who rely on the services. And it impacts their workforce, as employees and volunteers are unable to deliver services and uncertainty and change is affecting health and wellbeing.

All other impacts stem from this.

2

Disrupted income and low levels of operating reserves leave many susceptible.

Cancelled events and fundraising activities, lost or reduced sales of goods and services, and declining donations have severely disrupted revenue streams. As a result, some organisations are either struggling to deliver services or need financial support to continue.

While a majority report that they can continue operations for now, nearly half have operating reserves of six months or less. This may leave them vulnerable should the pandemic or the subsequent recession be prolonged.

3

Fewer volunteers is affecting service delivery.

The social purpose sector relies on volunteers to deliver services. For many, volunteers are a vital component of their business operating model. The impacts to business as usual have meant that a majority have either let volunteers go, or reduced their hours.

This not only impacts service delivery and income, it also affects the volunteers' sense of purpose.

4

Funding, advocacy and help managing staff and volunteer wellbeing are valued forms of support.

Whilst a majority indicated that financial support to manage through the crisis and beyond was the most valuable form of support they could receive, many also report that advocacy to government and support to keep a focus on their community of interest is vital.

Respondents also need strategies and guidance to manage staff and volunteer health and wellbeing during these times of uncertainty.

THE IMPACT OF COVID-19

The COVID-19 pandemic has had a devastating impact around the world. While Australia has managed the health aspect of coronavirus well so far, it has not been spared the massive consequences on business, employment and the economy.

An inability to provide their services normally, due to government restrictions and social distancing measures, is the greatest impact of COVID-19 for 56% of respondents. This reflects a survey by the ABS in May 2020¹, which reported that restrictions on the ability to trade as normal was affecting 74% of businesses.

A further 39% indicated that not being able to run fundraising events was the biggest issue for their organisation and 34% report declining donations, sponsorships and partnership income, meaning operating revenue is impacted.

Demand for services is also being affected. Overall, 47% of responding organisations report either some or a significant decrease in demand for their services as a result of government restrictions and other measures implemented to protect the health of the community.

Others, however, are seeing an increase in the need for their services. Sixteen percent (16%) report a significant surge in demand and another 19% have experienced some increase in support needs. With restrictions on the way they deliver their services and conduct fundraising, however, this demand is not matched by an increase in revenue.

Reflecting the diversity of the sector, this presents different issues for organisations. Those with a decrease in demand are losing income through not being able to deliver their usual services, while those reporting higher demand are struggling to meet the needs of their community.



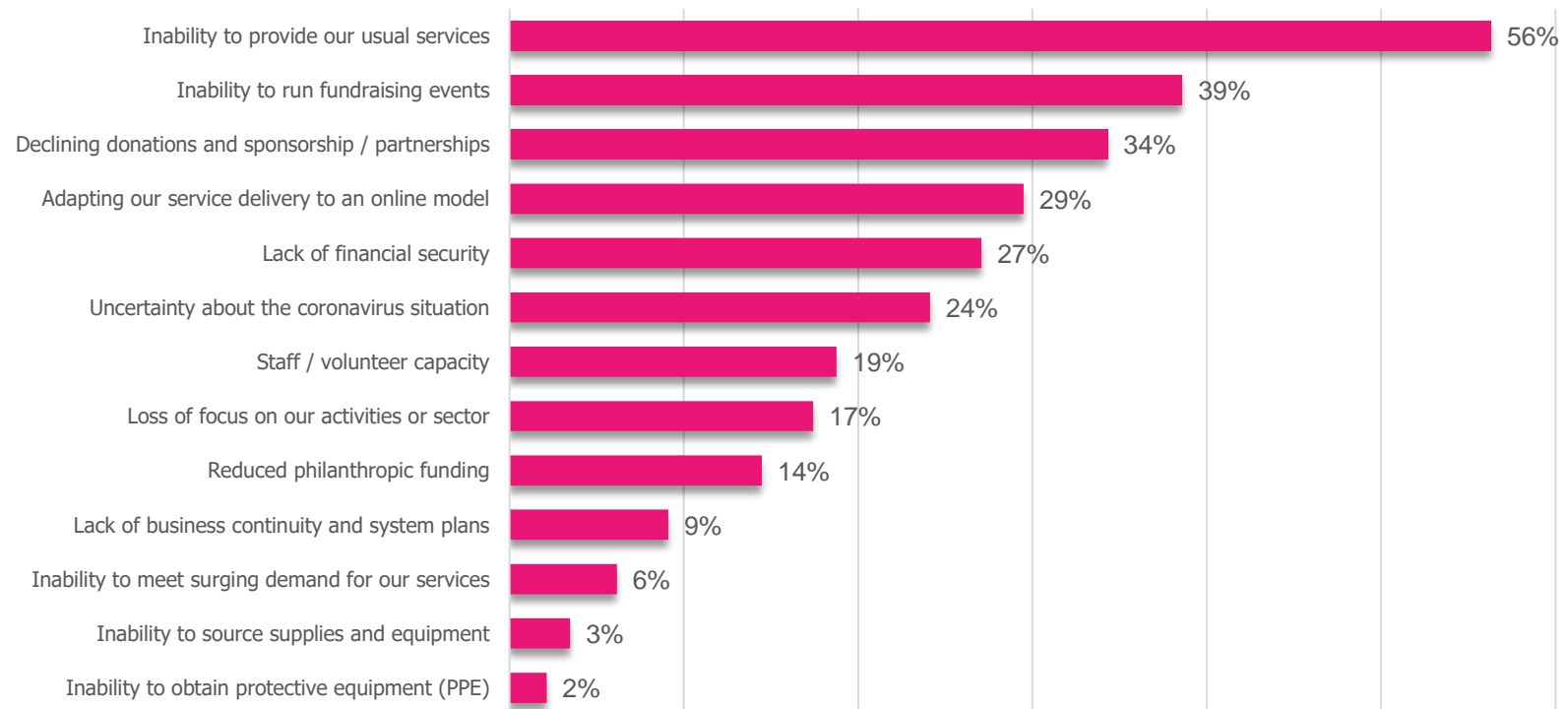


Which of the following factors are having the greatest impact on your organisation right now?

To understand the factors having the greatest impact on the social purpose sector, respondents were asked to specify the issues that are impacting them most. Over half of participating organisations indicated that not being able to operate normally is the biggest impact. Almost four in 10 report that not being able to run events that raise much-needed funds is their biggest issue, while declining donations and income from sponsorships or partnerships are affecting 34% of respondents. With most revenue generating activities curtailed, over a quarter (27%) are also concerned about financial security.

Nearly three in 10 organisations are also struggling to adapt their service delivery to an online model. Interestingly, mid-sized organisations (revenues between \$1 – \$5 million) are significantly more likely to have issues adapting to online service models than others.

From a workplace perspective, uncertainty about the coronavirus situation (24%) and staff and volunteer capacity (19%) are also causing concern.



A large majority of Australian organisations have been impacted by COVID-19. Many were forced to close their operations, while others could only operate in a limited capacity.

These same factors are also affecting the social purpose sector. Almost a third of organisations (31%) report a significant decrease in demand for their programs and services.

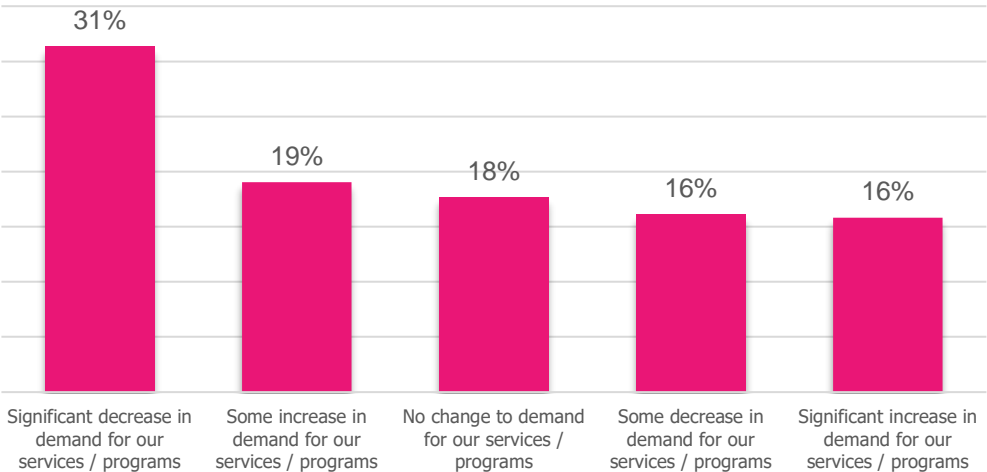
However, demand is fluctuating, with over a third seeing an increase in demand for their services. Only 18% of responding organisations have experienced no change to demand.

Small organisations (those with revenues of <\$250,000) are more likely to have seen a decrease in demand (45%). Conversely, those with turnover between \$5 – \$50 million are experiencing a significant increase in demand for their services.

As might be expected, there are differences based on the sectors that organisations’ operate in. Those in Arts and Culture (68%), and Sport, Recreation and Tourism (67%) have been significantly more affected by the drop in demand than others, although those in Rural, Regional and Remote areas and Animal Welfare are also more likely to report a decrease in demand.



Thinking about your primary focus, what impact has COVID-19 had on your organisation so far?



Unsurprisingly, organisations whose primary purpose is in Arts and Culture or Sports, Recreation and Tourism are significantly more likely to have experienced a decrease in demand for their services and programs than those in other sectors.



Impact on Capacity to Deliver Services

In your own words, how is COVID-19 impacting your ability to provide your usual services?

"Our services had been very focused on meetings and meetups. We have effectively ceased operating until gatherings and in-person meetings are allowed."

Primary Focus – Enterprise (Revenue <\$250,000)

"Our program has had to be halted for safety, and being an income-generating program, this has affected our projected income. Multiple fundraising events had to be cancelled or postponed, further reducing income."

Primary Focus – Health (Revenue \$250,000 - \$1M)

"From a Philanthropy perspective - 40% of our income is generated through fundraising. It is estimated that COVID-19 will mean a reduction of more than 40% as donations will be impacted by supporters' (including major donors) personal ability to give at this time"

Primary Focus – Disability (Revenue >\$50M)

"We can't plan our normal events and have had to step up to digital to keep up, or miss out. This is costing funds"

Primary Focus – Arts / Culture (Revenue \$250,000 - \$1M)

When asked to explain in their own words how COVID-19 is impacting their ability to deliver services, more than a third of comments from participants cited the cancellation of programs and events and an inability to provide support to their community of interest.

Many mentioned that the inability to hold face to face events or run programs impacts the support they are able to provide because "... all personal interaction visits and events have been cancelled, and the foundation of our service delivery is providing outlets to ease social isolation". This coincides with an increase in demand in some areas because "support for our younger beneficiaries has spiked as a result of lock down."

Loss of income from sales of products and services, funding and donations is impacting service delivery.

Alongside the major disruption to providing services is the subsequent flow on effect of revenue loss, and in some cases increased costs, as "in having to cancel events, we have incurred significant costs as well as lost potential revenue through ticket sales."

Others felt they could not fundraise because they are "... mindful that families and businesses are doing it tough financially so we don't feel comfortable asking for money" or because of the "inability to conduct face to face conversations with potential donors and fundraisers as well as the lack of desire by these audiences to engage until there is more clarity of how the future will evolve."

While moving program delivery online has been a challenge for some, others have found it beneficial.

Some participants, particularly those operating in remote or rural communities and with the elderly, have found that online delivery "has created a significant problem for a number of our programs".

Conversely, others have found that it has offered new opportunities, saying "we have moved all operations online. This has opened up new possibilities of engaging with people who may not have engaged at face to face events - for example, people outside the metro area."



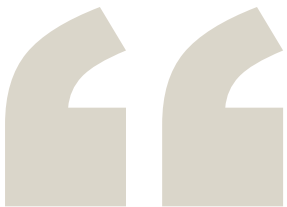
"Our main income source is tourism. We have endured two months of zero income as we had to close our gallery and our art trail. We will be lucky to have 10-20% income while the borders are closed.

If we are able to access the interstate market by the end of the year we may gain back up to 75% of our income, but that would be highly doubtful.

We are struggling to cover our overheads. We are concerned about our future."

Primary Focus – Tourism (Revenue <\$250,000)





Impacts to Beneficiaries

In your own words, what have been the main impacts to your beneficiaries / those you support as a result of COVID-19?

With many organisations unable to operate as usual, delays or even cancellation of service delivery is leaving many isolated and vulnerable. The inability to connect and meet face to face is also detrimental, and although many organisations have implemented online forms of contact they often report that it is either not as effective or is inaccessible for their particular community. In addition, those requiring support are often in low socio-economic areas, so job loss or reduction of income places them in financial hardship.

"We have a very vulnerable community and social isolation has affected them greatly with not being able to continue with their regular routine, or connect with family and friends."

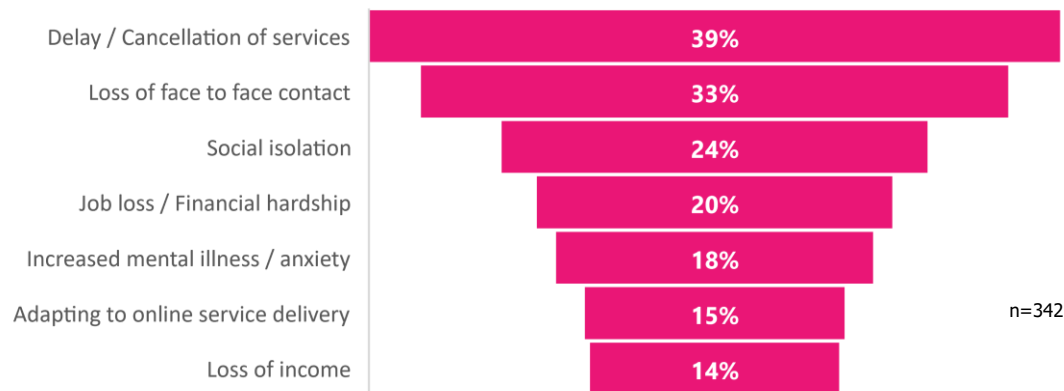
Primary Focus – Disability (Revenue \$1-\$5M)

"A loss of face-to-face service delivery. This has delayed some services for those unable or unwilling to adopt tele-service."

Primary Focus – Disability (Revenue >\$50M)

"Many have lost income and employment. Many have no savings and live pay to pay and therefore the impact is quite significant."

Primary Focus – Mental Health (Revenue >\$250,000)



According to the free text comments provided by respondents, the biggest impact to beneficiaries is the inability to access their services due to the restrictions imposed. Nearly four in 10 organisations indicated that delays or cancellation of services were having an impact on those they support. The affects of social isolation (24%) and an increase in mental illness and anxiety (18%) is also a concern, as those who rely on support are unable to access it in their usual way.

Unemployment is causing financial hardship in communities, while those who serve remote or rural areas, or the elderly, are struggling to connect online because of poor internet service, the costs of connection, or a lack of proficiency.

Whilst 14% indicated loss of income was an issue, these comments were largely related to the organisations themselves as opposed to those who they support.



"Having to use more phone data for phone/video chat apps; not being able to access other community support programs as they are unsure if they are operating, or cannot get to appointments, or cannot access telehealth.

Also, many women are struggling to put food on the table, support their children with distance learning, and also manage their own mental health."

Primary Focus – Women & Girls (Revenue \$250,000 - \$1M)



THE FINANCIAL IMPACT

The financial implications of COVID-19 for the social services sector are concerning.

Almost two thirds (64%) of respondents have lost revenue since March 2020. A majority (60%) have lost revenue as a result of not being able to run community events and fundraising activities, and just over half have experienced falls in revenue from sales of products or services.

Income from other funding sources is also falling. Over a third (36%) report a decline in general donations, and three in 10 report that income from sponsorships and partnerships has decreased since March 2020. Funding from philanthropic sources have also been impacted, with nearly a quarter (24%) indicating that revenue from grants or funding has declined.

These findings correspond with a report by Social Ventures Australia (SVA) and the Centre for Social Impact (CSI)⁴ in April 2020, which indicated that 78% of charities had lost revenue as a result of the pandemic.

Compounding the loss of revenue, 45% of organisations have operating reserves of six months or less. Continued falls in revenue, without a corresponding reduction in operating costs, may force many to rely on their reserves.

Concerningly, 18% report the impact to their revenue is so severe that they are either struggling to deliver their usual services, or need immediate financial support to continue.





The financial situation of charities prior to the pandemic has a substantial bearing on organisations’ ability to withstand the economic impacts of the pandemic.

Figures from charities registered with the ACNC² indicate that two thirds have annual revenue of under \$250,000. Medium charities, characterised as having revenues between \$250,000 and \$1 million make up around 16%, while large charities (revenue over \$1 million) make up the balance.

This study broadly reflects the composition of the sector as reflected in ACNC figures. Nearly half of participants (49%) represent small organisations, while 18% of responses were from medium organisations. However, with strong participation from large organisations those with revenues of over \$1 million make up 33% of respondents to this research.

Operating Reserves

Forty-five percent (45%) of organisations who responded have six months or less of operating reserves. Almost a quarter have operating reserves of between seven and 12 months, and only 18% have enough assets on hand to manage for more than 12 months.

While 14% of respondents did not know the level of reserves the organisation had, a large majority of these were from organisations with revenues of more than \$50 million, suggesting that the respondents were not in roles that have access to that information.

The level of operating reserves reported by organisations is similar to that modelled by Social Ventures Australia (SVA) and the Centre for Social Impact (CSI). Their report, published in June 2020⁴, estimated that 59% of charities have net current assets on hand to cover less than six months expenses.

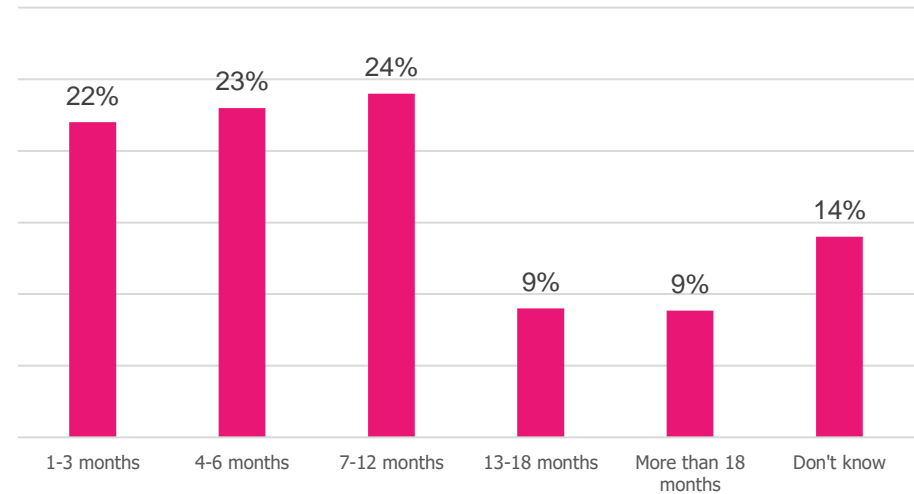
Interestingly, there are no significant differences between the turnover of the organisations and the level of reserves they carry – although over half of those with revenues below \$1 million indicate that they have reserves of six months or less.

Approximately, what is your organisation’s annual turnover?

Revenue	%
<\$250,000	49%
\$250,000 - \$1 million	18%
\$1 – \$5 million	19%
\$5 – \$50 million	10%
>\$50 million	4%

n=380

What level of operating reserves do you have?



n=380

The effect of the pandemic on revenues in the sector has been profound. Nearly two thirds (64%) report a loss of revenue since March 2020. Of these, 9% are struggling to deliver services and the same proportion need immediate financial support to continue.

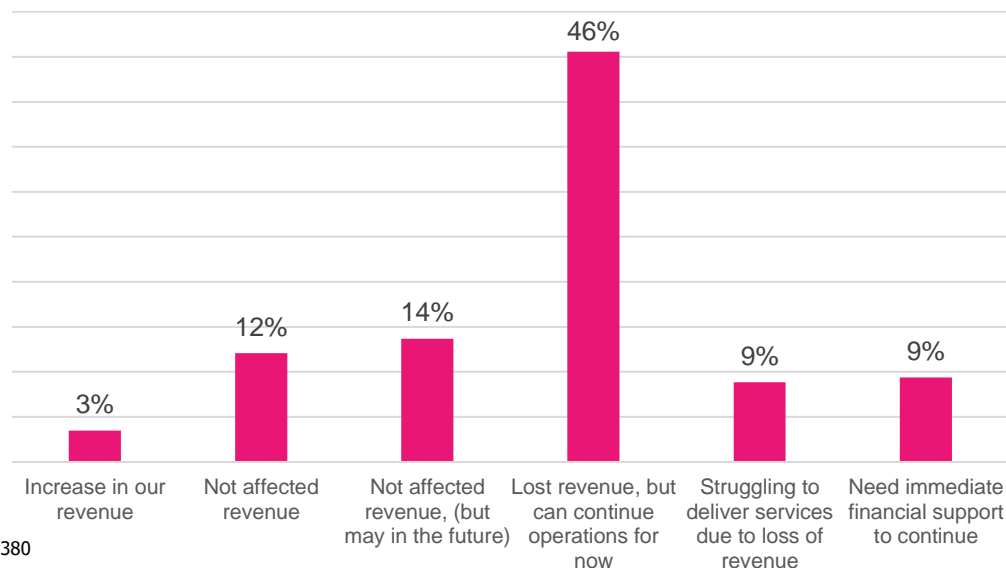
While a quarter (26%) of respondents report that their revenue has not been affected, 14% expect that revenues will be impacted in the future. And while over a third of organisations report either some or a significant increase in demand for their services, only 3% have experienced an increase in revenue.

Falling revenues amplify the difficulties facing the sector. While more people are relying on the support provided by community services organisations, their capacity to provide that support is in jeopardy because of their inability to generate income from their usual services. While not specifically asked in this research, SVA and CSI⁴ report that restrictions and social distancing requirements have affected 85% of organisations' work in the sector.

It also appears that the size of the organisation does not necessarily provide a buffer. Whilst more small organisations (<\$250,000 turnover) are struggling to deliver services or need immediate financial support than their larger counterparts, the difference is not statistically significant.



Which of the following best describes the impact COVID-19 has had on your organisation's revenue since the beginning of March 2020?



	Total	<\$250,000	\$250,000 - \$1 M	\$1 M - \$5 M	\$5 M - \$50 M	>\$50 M
Lost revenue, but can continue operations for now	46%	36%	50%	55%	59%	73%
Not affected revenue yet, but expect it will in the near future	13%	16%	12%	16%	3%	7%
It has not affected revenue	12%	9%	14%	17%	15%	7%
Need immediate financial support to continue service delivery	9%	13%	6%	7%	5%	0%
Struggling to deliver services due to loss of revenue	9%	12%	8%	4%	5%	7%
Other	6%	8%	6%	0%	5%	0%
Increase in revenue	3%	4%	5%	0%	8%	0%
Don't know	1%	2%	0%	0%	0%	7%

The ACNC reports that revenue from Government makes up 47% of total revenue in the charity sector. However, as charity size increases so does the percentage of revenue derived from this source². According to the ACNC, small charities receive significantly less revenue from government sources than their larger counterparts. Small charities are also much more reliant on donations and bequests than medium or large organisations.

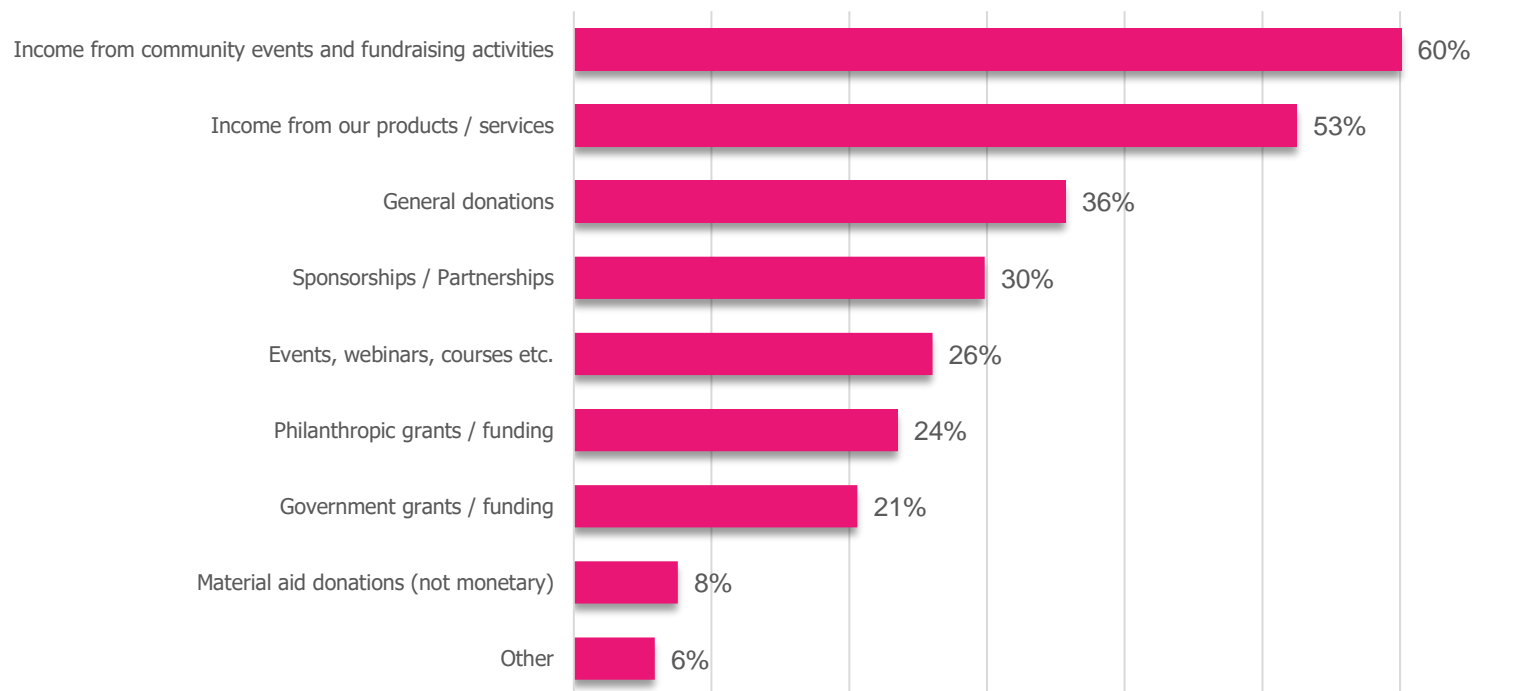
With this in mind, the research asked about the specific revenue streams impacted by COVID-19.

Reflecting the impacts of the restrictions imposed, six in 10 respondents have seen a decline in revenue because they cannot run community events or hold fundraisers. This rises to nearly seven in 10 (68%) amongst small organisations with revenues of less than \$250,000. Sales of products and services have been affected for 53% of organisations, rising to 75% of large organisations with revenues in excess of \$50 million. Just over a third report that general donations have fallen.

A further 30% have lost revenue from sponsorships or partnerships and nearly a quarter (24%) have seen a reduction in philanthropic grants and funding.



In which specific areas has your revenue decreased?



Base n=238 n=623
Respondents could choose more than one response



"The lock down provisions have brought our primary activities to a halt. We are a small organisation with a primary focus on bringing people together for public educational discussions, performances and related activities. We had a well planned series of events ... ready to be launched just as the pandemic arrived. We have not been able to progress as the entire program turns upon bringing people together ..."

Primary Focus – Arts & Culture (Revenue <\$250,000)



WORKFORCE IMPACTS

In the space of two months between March and May 2020, unemployment rose from 5.2% to 7.1%, while over half (53%) of employers had reduced staff hours of work⁴. Significantly, the ABS estimates that 2.3 million people are either unemployed, or underemployed, in May 2020³.

Pleasingly, such a severe impact is not apparent in the community services sector. While 28% of responding organisations have either stood staff down or reduced their hours, around three in 10 report no impact to their workforce so far.

Further, in keeping with the increase in demand for their services, 22% report that their staff are working longer hours to deal with demand. A few (5%) are actually employing more staff.

However, while workforce capacity has not been impacted to the same extent as the wider economy, COVID-19 has had a significant effect on volunteering in the community. Seven in 10 organisations have either let volunteers go, or reduced their hours.

Regardless of capacity, the impact of COVID-19 on the morale and motivation of employees and volunteers is acute. Over half (52%) report that the uncertainty of the COVID-19 situation is impacting their staff. A further 28% are concerned about the mental health and wellbeing of their staff and volunteers.



Charities employed 1.3 million people in 2018² representing one in 10 employees in Australia. They also have 3.7 million volunteers to call on to help them provide the support and services needed.

Responding organisations employed over 38,000 staff prior to the pandemic, and had over 170,000 volunteers.

This substantial contribution to society and the economy is at risk as a result of COVID-19, as organisations in the sector face declining revenues and an inability to provide their usual services.

**Responding organisations employ over 38,000 employees.
They also have more than 170,000 volunteers to help them provide the support and services they deliver.**



How many employees did you have at 1 March 2020?

Total Employees	38,397
0 – 5	58%
6 – 10	10%
11 – 20	9%
21 – 30	4%
31 – 50	5%
51 – 100	4%
101 – 250	4%
>250	6%

n=380

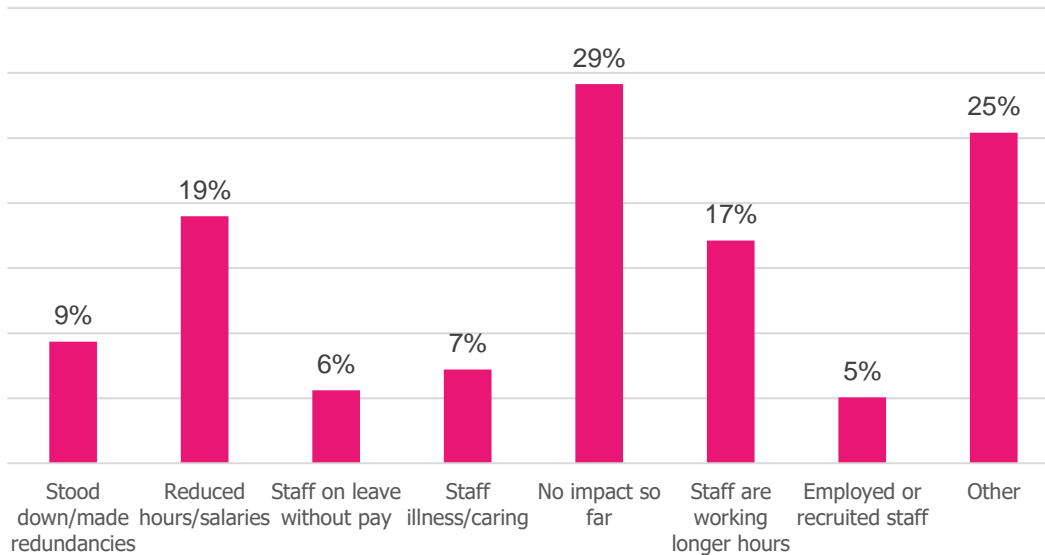
How many volunteers did you have at 1 March 2020?

Total Volunteers	172,697
0 – 5	27%
6 – 10	20%
11 – 20	15%
21 – 30	9%
31 – 50	10%
51 – 100	5%
101 – 250	6%
>250	10%

n=380



What has been the impact on your workforce capacity so far?



n=380

A total of 34% of organisations have reduced their workforce capacity in some way, and 7% have lost staff due to illness, isolation or caring responsibilities.

The unemployment rate in Australia reached 7.1% in May 2020 and over half (53%) of organisations reduced staff hours of work³.

Pleasingly, the same impact is not as yet apparent in the community services sector. Only 9% of responding organisations have stood staff down or made redundancies, with the majority of those indicating that only one person was affected. Another third of these have made between 2 and 5 staff redundant.

A further 19% have reduced staff hours or salaries. Of these, over half have reduced hours for between 1 and 5 staff members. A further 6% have asked staff to take leave without pay. These figures are more in line with numbers cited by SVA and the CSI⁴, who report that around a third of charities had reduced their workforce capacity in some way since the crisis began.

Positively, nearly three in 10 report no impact to workforce capacity so far.

Reflecting the overall impacts on the sector, 17% of organisations indicate that their staff are working longer hours to deal with demand and 5% have either employed more staff or are recruiting additional staff.

While this research did not investigate the impacts of the government support available through the JobKeeper scheme or the cash flow boost, SVA and CSI⁴ report that many charities have been able to access the JobKeeper wage subsidy and the Boosting Cash Flow for Employers initiatives. Perhaps these initiatives have helped organisations to keep their staff for now. It will be important to continue to monitor workforce impacts as governments remove or reduce wage subsidies and other initiatives over time.

A large majority of the organisations who selected 'other' to this question were volunteer only organisations, with no payroll or paid staff. Others had "redeployed staff to other areas" or indicated that "staff attrition has meant that we have not had to stand anyone down."

Volunteers are the life-blood of most social purpose organisations. The ACNC reports that, in 2018, 3.7 million Australians volunteered in some capacity, and nearly half of all charities operate with only volunteer staff².

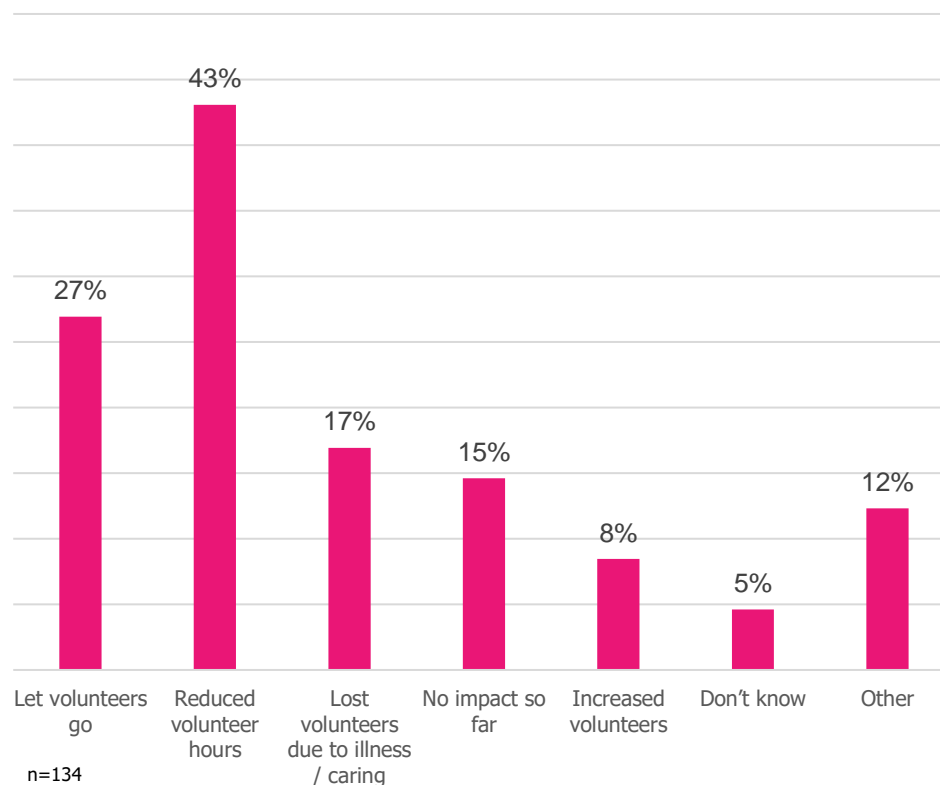
COVID-19 has had a significant impact on volunteering in the community. In stark contrast to the paid workforce, 70% of organisations have had to let volunteers go or reduce the number of hours they contribute. Of those, seven in 10 have lost or reduced the hours of more than 6 volunteers. Only 15% have experienced no impact to their volunteer capacity so far.

With reports suggesting that 35% of all volunteers are over 64⁶, and therefore fall into the 'high risk' health category, it is not surprising that 17% of organisations have lost volunteers due to illness, isolation or caring responsibilities. Others have chosen to "reduce engagement with volunteers", to "protect their health and the health of the community."

Volunteers often run opportunity shops, community halls, fundraising events, and market stalls, and with lockdown restrictions and social distancing these activities cannot operate. The disruption to usual service provision means that volunteers simply cannot perform their usual functions. As a result, many respondents report that whilst there had been "no impact on paid staff, volunteers have been stood down from the [activity]".



What has been the impact on your volunteers so far?



"Our volunteers are unable to help/perform and we are losing them as a result"

Primary Focus – Rural/Regional/Remote (Revenue <\$250,000)



Employment Outcomes

How many jobs have been affected?

Number of:	1	2 - 5	6 - 20	> 20	n
Staff redundancies	44%	34%	13%	9%	32
Staff on reduced hours	26%	31%	29%	14%	78
Staff on leave without pay	33%	43%	10%	14%	21
Staff lost due to illness or caring responsibilities	52%	28%	16%	4%	25
Additional staff employed	44%	25%	6%	25%	16



"We had volunteers onboard and about to hire staff members. All are no longer working for us or expecting to in the near future."

Primary Focus – Rural/Regional/Remote (Revenue <\$250,000)

"We're keeping staff working at our cost"

Primary Focus – Rural/Regional/Remote (Revenue <\$250,000)



Volunteer Outcomes

How many volunteers have been affected?

Number of:	1	2 - 5	6 - 20	> 20	n
Volunteers let go	7%	23%	35%	35%	43
Volunteers on reduced hours	7%	22%	37%	35%	60
Volunteers lost due to illness or caring responsibilities	21%	32%	26%	21%	19
Additional volunteers recruited	18%	55%	27%	0%	11

"Our volunteers are on pause and waiting for when they can return"

Primary Focus – Poverty/Economic Security (Revenue \$250,000 - \$1M)

"We have no staff and volunteers have been asked to stay away"

Primary Focus – Other (Revenue <\$250,000)

"Social distancing restrictions have put our volunteers on hold (speakers, reception, admin assistance)"

Primary Focus – Health (Revenue \$5M - \$50M)

The overall health and wellbeing of those who support their communities of interest is paramount to charities being able to provide appropriate responses. As a result, understanding, managing and monitoring the mental health and wellbeing of those who deliver this support will be important over the coming months and years.

As a result, one of the key objectives of this research was to “understand the current and immediate situation for the sector as a result of COVID-19 in terms of viability, staffing, ability to fulfill normal activities and mental health”.

So how is COVID-19 impacting the charity sector workforce?

Over half of respondents (53%) believe the greatest impact on their workforce is the levels of uncertainty and change caused by COVID-19. A further 28% are concerned about staff and volunteer mental health and well-being. Whilst not necessarily linked, uncertainty and change often increases anxiety, one of the most common forms of mental illness⁵. If these heightened levels of uncertainty persist, it could impact the workforce significantly.

The inability for staff and volunteers to deliver support services due to lockdown restrictions and social distancing is the biggest impact for almost half (46%) of organisations.

Having to develop and implement ‘work from home’ models is affecting just over a quarter (28%) of responding organisations. This is less of a burden for organisations with revenues of <\$250,000 than their larger counterparts, possibly because they employ fewer staff.

Reflecting the increased demand reported by some organisations, just under a quarter (24%) are concerned about the additional workloads placed on staff and volunteers.

These impacts compound the problems facing the sector. In addition to being unable to operate as normal, and facing falling revenues, organisations are having to manage the stress levels of staff and volunteers, most of whom are working from home, and find meaningful work for them until restrictions ease.

There were no significant differences in the impacts on the workforce based on the organisations’ primary purpose.



Which of the following are having the greatest impact on your workforce?



53% feel the greatest impact on their workforce are the levels of uncertainty and change



46% believe the inability for staff and volunteers to deliver support services due to restrictions has had the biggest impact on their workforce



28% have been most impacted by having to develop or implement a “work from home” model



28% report staff and volunteer mental health and wellbeing is being impacted



"Coaching for staff in strategic or management roles, to assist in change management, their own morale and stability during a very turbulent period (for some personally, as well as professionally)."

Primary Focus – Environment (Revenue \$250,000 - \$1M)



SUPPORT NEEDS

The social purpose sector provides vital services across the Australian community. All governments rely on the sector to deliver services on their behalf, often funding these organisations to provide programs that support a vast array of needs.

The sudden on-set of COVID-19 has exposed the vulnerability of these organisations. Whilst government funding and philanthropic support provides income to deliver these programs, frequently the amount provided covers only the specific program, without regard for the overheads required to keep the organisation viable, nor their need to innovate to improve efficiencies⁴.

This results in operating margins that many for profit organisations could not sustain. Therefore, it is no surprise that when asked what strategic and operational support would be most valuable to them right now, funding, in all its forms, is at the top of the list.

Also highly valued is advocacy to government and public relations support to help charities keep a focus on the issues and needs relevant to their purpose. In times of national crisis, attention is focussed on the emergency, to the detriment of other issues. This in turn affects donations and fundraising.

Assistance to move systems and processes online, to develop programs that can be delivered virtually and to manage staff and volunteers working from home would also be valuable. With most funding being directed at a specific or discrete projects, there is often little available for investment or capacity building. With reports suggesting that the sector is slow to adopt digital technologies, the current situation may force them to make investments to improve efficiencies and expand their services.



Reflecting the feedback throughout these results, the most valuable strategic and operational support that could be provided to charities would be help to attract and retain donors, sponsors and partners.

With the sector facing significant losses of income across multiple sources, it is not surprising that organisations want to keep connected to, and find new, revenue sources.

Advocacy to government for support of their activities is also ranked highly, as is assistance with strategy formulation, communications with stakeholders and grant making. This is front of mind for many, particularly as they navigate through the current situation.

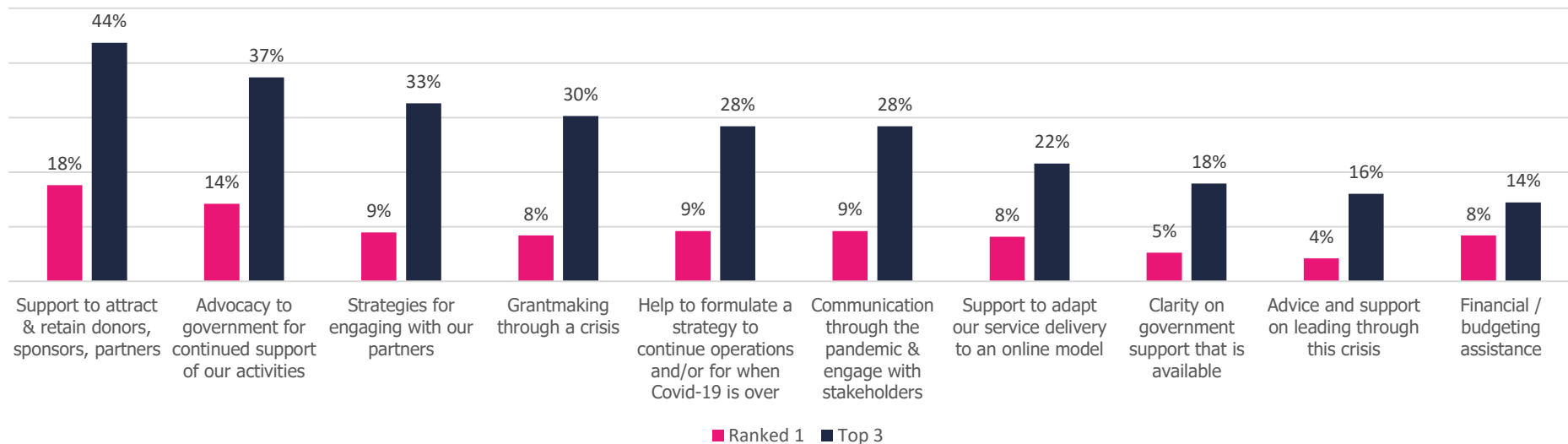
The free text comments from respondents confirm this, with almost three in 10 requesting financial assistance and access to grants and funding from government, sponsors and philanthropic organisations.

With the sector facing significant revenue losses as a result of the pandemic, the most valuable support right now is attracting and retaining donors, sponsors and partners.



Thinking about the operational and strategic issues you face right now what support would be most valuable to your organisation to help you deal with the impacts of COVID-19?

(Please rank these in order, where 1 is the MOST valuable. Please rank at least 3 options)



n=380
 NB: The large number of options that were presented in this question means that the spread of opinion is wider, resulting in little differences between support requirements

Charities and social purpose organisations are focused on the needs and requirements of the community they serve. So it is not surprising that a majority of respondents want support to keep a public focus on the issues and needs of their beneficiaries.

Help to manage staff and volunteer health and wellbeing would also be valued. While there is much focus on the financial health of the sector and concern for those these organisations support, little has been done about the need to keep those who are providing the support mentally and emotionally healthy.

As has been seen across these results, organisations are concerned about the health and wellbeing of their staff and volunteers, and aside from significant concerns about ongoing viability, the wellbeing of those who provide support is paramount to helping them navigate through the crisis. As a result, support to help manage staff and volunteer wellbeing would be well received by community services organisations.

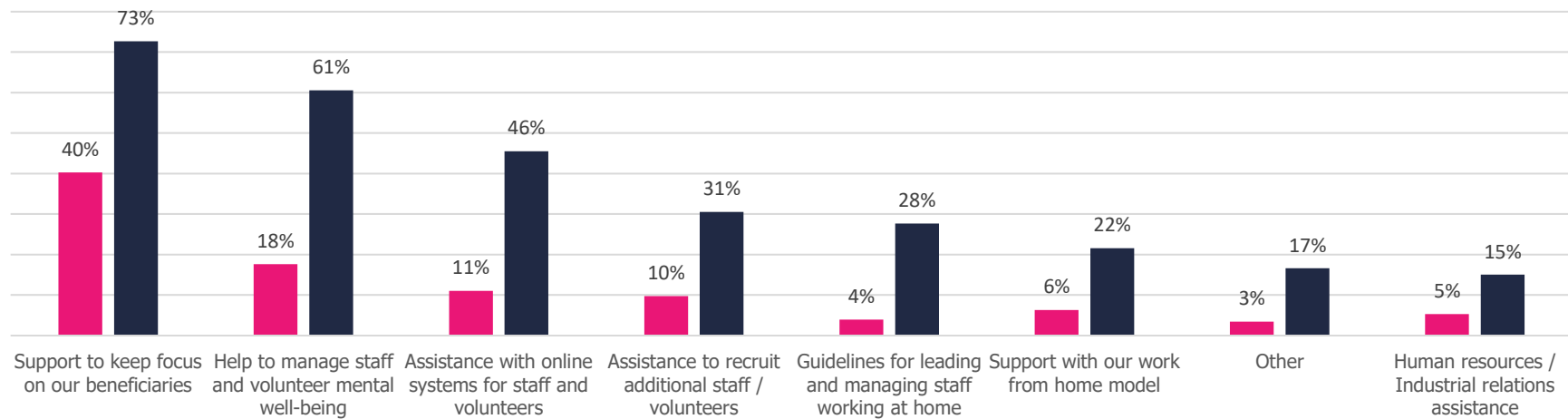
Assistance with online support systems and 'work from home' models would also be of value. With the rapid move to online service delivery and most employees having to work from home, transitioning to, and use of, technology to facilitate this vital. Many organisations in the sector are struggling to fund and manage this.

With so much attention focussed on the effects of COVID-19 on our health and the economy, many are concerned that their particular communities of interest are being forgotten.



Thinking about the issues around your staff, volunteers and beneficiaries right now, what support would be most valuable to help you deal with the impacts of COVID-19?

(Please rank these in order, where 1 is the MOST valuable. Please rank at least 3 options)





Support Needs of Organisations
In your own words, what is the best support that could be provided to your organisation?

"Financial support to keep us afloat until we can fund raise again."

Primary Focus – Social Enterprise (Revenue <\$250,000)

"Funding to resurrect/reinvent those programs and initiatives that had to be cancelled this year. The momentum and support that we had has been lost and we expect that it may be extremely difficult to resuscitate them without significant intervention."

Primary Focus – Arts / Culture (Revenue \$1-\$5M)

"Clear strategies around how best to manage the global economic downturn and still have a strong charity to exit the other end."

Primary Focus – Health (Revenue \$5-\$50M)

"... don't let the environment fall off the radar of importance, it is a sector that creates significant economic stimulus and many other aspects of well-being."

Primary Focus – Environment (Revenue <\$250,000)

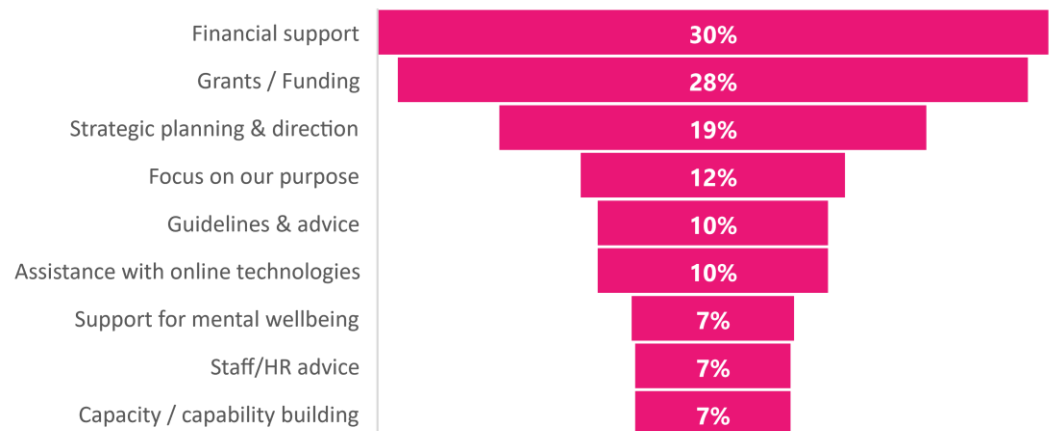
As well as understanding the specific impacts to the sector, this research sought to identify in participants own words the support that would best help alleviate the effects of COVID-19.

Thematic analysis was conducted on the comments provided, and, largely, they mirror the responses to the quantitative questions. Financial support was mentioned frequently, often without specifying in what form or from where it could come from. Thirty percent (30%) of the free text comments included the need for some form of monetary assistance. Equally, assistance to access or find grants, philanthropic funding or sponsorships (28%) were commonly cited as the best support that could be provided right now.

Help with developing a strategy to manage through the pandemic and beyond was also frequently mentioned, as was access to guidelines and advice about a range of activities from grant writing through to COVID-19 protocols. Some charities also want assistance with capacity and capability building within their organisations and at Board level.

Helping to maintain a focus on specific communities of interest was also mentioned, as usual donors and sponsors turn their attention to issues around COVID-19.

Maintaining the mental health and wellbeing of staff, volunteers and beneficiaries, and HR support to manage staff would also be valued.





"I would like to see a generic 'working/surviving in a major crisis' strategy developed that can be disseminated to all NFP groups and applied locally or globally.

It should include financial management, working with donors/sponsors and HR/people issues."

Primary Focus – Other (Revenue <\$250,000)





Strategies Adopted to Combat the Crisis

Are there any strategies your organisation has employed that you would be willing to share with others in the sector?

Often a crisis drives innovation. When normal activities cannot occur, we are forced to consider alternatives, or new ways of operating. While COVID-19 has devastated large swathes of the economy, some have found new, and better ways to conduct business.

The same is true in the social purpose sector. Aside from the obvious move to online meetings and video conferences, some organisations have managed to develop new programs and initiatives that have benefitted both their community and their staff and volunteers.

Some report that in being forced to adapt to virtual events and meetings they found they reached a wider audience that face to face gatherings had previously inhibited.

Others found that collaborating with other organisations provided opportunities to strengthen their services and broaden their reach.

"Yes - we realised that a lot of families were socially isolating, schools were closed and that these families had few resources. In partnership with other services we have delivered over 1,000 activity packs to families, craft packs to adults and children and food packages (recipe and ingredients to make something easy and cheap)"

Primary Focus – Other (Revenue \$250,000 - \$1M)

"Yes, we are proactively partnering with other more established NFPs to complement their services; establishing global connections so that we can share learnings; and looking for alternative sources of income."

Primary Focus – Poverty/Economic Security (Revenue <\$250,000)

"I am extremely proud of how staff have adapted to online delivery of our workshops. We have all taken on new responsibilities and roles and dealing with difficult home situations to ensure we are still supporting our community in the best way we can ... Staff have been empowered to put forward new ideas and adapt existing task lists to help with the transition to working from home ..."

Primary Focus – Childcare / Education (Revenue \$250,000 - \$1M)



"Yes, we have created a new service offering that helps people connect in times of isolation and removed a lot of the technology barriers to achieving this."

Primary Focus – Social Enterprise (Revenue \$1-\$5M)



"We took on a major sponsor and through this joint partnership developed joint programs that saw a \$5000 donation going to [charity].

[The sponsor] saw this as an opportunity to keep promotions going when others are were tightening their belts!"

Primary Focus – Animal Welfare (Revenue <\$250,000)





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