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Counting Non-profit Institutions in New Zealand 2005

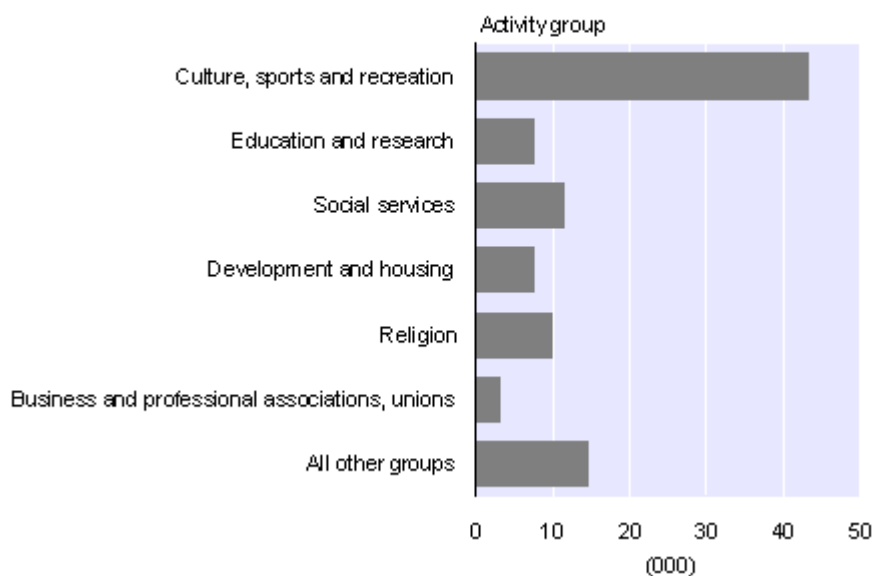
Highlights

- There were 97,000 non-profit institutions operating in New Zealand in 2005.
- Of these, 45 percent were culture, sports and recreational non-profit institutions.
- Ninety percent of non-profit institutions did not employ paid staff.
- The other 10 percent of non-profit institutions employed 105,340 paid staff.

Number of Non-profit Institutions

By activity group

2005



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There is a companion Media Release published – [Counting Non-profit Institutions in New Zealand: 2005](#).

Commentary

Purpose

This release fills an information gap that has long been identified as a barrier to a clearer understanding of non-profit institutions and their contribution to New Zealand society. It does this by showing:

- a snapshot of the number of non-profit institutions that were operating in New Zealand at October 2005
- a breakdown of the number of non-profit institutions into groups by their main activity
- the number of paid staff employed by non-profit institutions
- the distribution of paid work in these institutions
- the total number of paid staff in relation to the total number of volunteers.

Background

This release is the first step towards a satellite account for non-profit institutions, which will present both financial and non financial data and show their importance to the New Zealand economy.

In counting the non-profit institutions, this report applies international frameworks developed by Johns Hopkins University and the United Nations Statistics Division for producing non-profit institutions satellite accounts. It also uses a definition developed for Statistics New Zealand's *Non-Profit Institutions Satellite Account* (refer to Defining non-profit institutions below for further information). Organisations that do not match this definition are not considered non-profit institutions and are excluded.

Counts of paid employment are shown for all those non-profit institutions that match the definition. Counts for volunteers are also shown, but include some volunteering for government due to the way this data was collected.

Number of non-profit institutions

The number of non-profit institutions identified as at October 2005 was 97,000. Sources used for identifying these non-profit institutions included:

- Statistics NZ's Business Frame, a register of New Zealand businesses
- the registers of incorporated societies and charitable trusts held by the Companies Office.

October 2005 was chosen as the date to count all non-profit institutions as it was the most recent date for which consistent data was available across all three data sources.

Of these 97,000 non-profit institutions, 18 percent were sourced from the Business Frame, with the remaining 82 percent sourced from the other registers. Generally where Statistics NZ produces data on a number of organisations, it uses the Business Frame as the source. The Business Frame only includes organisations that are economically significant, however the majority of non-profit institutions do not fit the economic significance criteria (see Technical notes for further details). Therefore, searching for and identifying additional non-profit institutions from other administrative registers has now been done for the first time. Where a non-profit institution has been large enough to be registered and counted on the Business Frame, it has been excluded from the other registers in the count for this report.

Some other non-profit institutions will not be listed in the main registers. To test how many additional non-profit institutions can be picked up in other sources, a study of a defined geographic area, Masterton District, was conducted. An additional eight percent of non-profit institutions were identified in this study. While this result needs to be interpreted with caution and cannot be extrapolated to the whole country, it provides some indication that the majority of non-profit institutions are on the three main registers (the Masterton study is elaborated upon below in the Technical notes of this release).

Defining non-profit institutions

Statistics NZ used an internationally agreed definition to define a non-profit institution. A non-profit institution is:

- organised, to the extent that it can be separately identified
- not-for-profit and does not distribute any surplus that may be generated to those who own or control it
- institutionally separate from government (that is, private)
- self-governing, that is in control of its own destiny
- non-compulsory, that is membership and participation are voluntary.

The range of non-profit institutions is extensive. It includes:

- museums, performing arts centres, orchestras, ensembles and historical or literary societies; sports clubs, racing clubs; social clubs
- non-profit private hospitals, primary health organisations, pre-school centres, kindergartens, private schools, industry training organisations, social service providers and environmental groups
- religious congregations
- trade unions, business and professional associations; political parties
- advocacy groups that work to promote civil and other rights, or advocate the social, environmental and political interests of general or special constituencies
- community-based associations that offer services to or advocate for members of a particular neighbourhood or community, community trust boards
- whanau, hapū and iwi-based organisations that provide governance and / or offer services to or advocate for tangata whenua
- philanthropic trusts; international aid and relief organisations.

Government controlled organisations are excluded. Also excluded are producer boards, co-operatives, trading societies, friendly societies and credit unions, because they do not meet the not-for-profit criterion of the definition.

For more information about the application of the definition, refer to *Identifying Non-Profit Institutions in New Zealand — April 2006* on the Statistics NZ website.

This release uses the term non-profit institution. Non-profit organisation may also be used.

Classification of non-profit institutions

Forty five percent of non-profit institutions were engaged in the arts, cultural, or sport and recreation activities. The next largest groups were organisations providing social services (12 percent) and religious organisations (10 percent).

The activity group classification used is the New Zealand Standard Classification of Non-Profit Organisations (NZSCNPO), which is based on a similar international classification. The NZSCNPO differentiates between non-profit institutions according to their primary activity (for further details refer to the Technical notes of this release).

Number of Non-profit Institutions

By activity group
October 2005

Activity group	Activity of non-profit institutions	Number	Percent
1	Culture, sports and recreation	43,220	44.6
2	Education and research	7,400	7.6
3	Health	2,210	2.3
4	Social services	11,280	11.6
5	Environment	1,310	1.4
6	Development and housing	7,580	7.8
7	Law, advocacy and politics	2,500	2.6
8	Grant making, fundraising and volunteerism promotion	610	0.6
9	International	300	0.3
10	Religion	9,890	10.2
11	Business and professional associations, unions	3,130	3.2
99	Not elsewhere classified	7,560	7.8
	Total	97,000	100

Note: All count data has been randomly rounded to protect confidentiality. Individual figures may not sum to the totals.

The largest number of non-profit institutions are in the culture, sports and recreation group, which includes organisations such as film societies, community theatres, toy libraries, historical associations, pipe bands, Māori performing arts groups, sports clubs, regional sports trusts, racing clubs, social clubs and vintage car clubs.

The next largest groups and their constituent organisations are:

- **Social services:** Includes a vast range of social service providers, emergency and relief services and organisations providing income support and maintenance. Examples are early intervention services, services for the disabled and elderly, food banks, self help and other personal social services.
- **Religion:** Includes churches and associations promoting religion or administering religious services. Examples include Bible chapels, churches, and temples. Service agencies with religious affiliations, in fields such as health, education and social services, are grouped with other relevant service providers rather than being included here.
- **Development and housing:** Includes organisations working towards improving the quality of life within communities or the economy to improve general public well-being. This includes community centres, community development trusts, neighbourhood support groups, employment services, and tangata whenua governance organisations that manage the affairs of iwi, hapū and marae.
- **Education and research:** Includes kindergartens, playcentres, kohanga reo, private primary and secondary schools, private tertiary providers, other education providers such as English language institutions, and research organisations. Public education organisations such as universities, colleges of education, polytechnics, state and integrated schools are not included.
- **Business and professional associations, unions:** Includes organisations that promote, regulate and safeguard interests of businesses, professionals and workers, such as trade unions and chambers of commerce.

Employment counts

This section provides information on employment in non-profit institutions including:

- the total number of paid staff for each activity group
- the proportion of non-profit institutions that employ paid staff
- the average (mean) number of paid employees for all non-profit institutions, as well as those institutions employing paid staff
- the number of volunteers in non-profit institutions (also includes some volunteering for government due to the way this data was collected).

Ninety percent of all non-profit institutions do not employ paid staff.

The non-profit institutions identified had a total employment count (number of salary and wage earners) of 105,340 (refer to the Technical notes for further details). These paid employees were employed by only 10 percent of all non-profit institutions. However this increases to 56 percent when including only the non-profit institutions on Statistics NZ's register of businesses (the Business Frame). Employment counts do not distinguish between full-time and part-time employment.

Employment Count
By activity group
 October 2005

Activity group	Activity of non-profit institutions	Employment count	Percent
1	Culture, sports and recreation	16,820	16.0
2	Education and research	20,140	19.1
3	Health	15,090	14.3
4	Social services	31,480	29.9
5	Environment	1,020	1.0
6	Development and housing	3,730	3.5
7	Law, advocacy and politics	2,490	2.4
8	Grant making, fundraising and volunteerism promotion	570	0.5
9	International	560	0.5
10	Religion	9,390	8.9
11	Business and professional associations, unions	3,400	3.2
99	Not elsewhere classified	640	0.6
	Total	105,340	100

Note: All count data has been randomly rounded to protect confidentiality. Individual figures may not sum to totals.

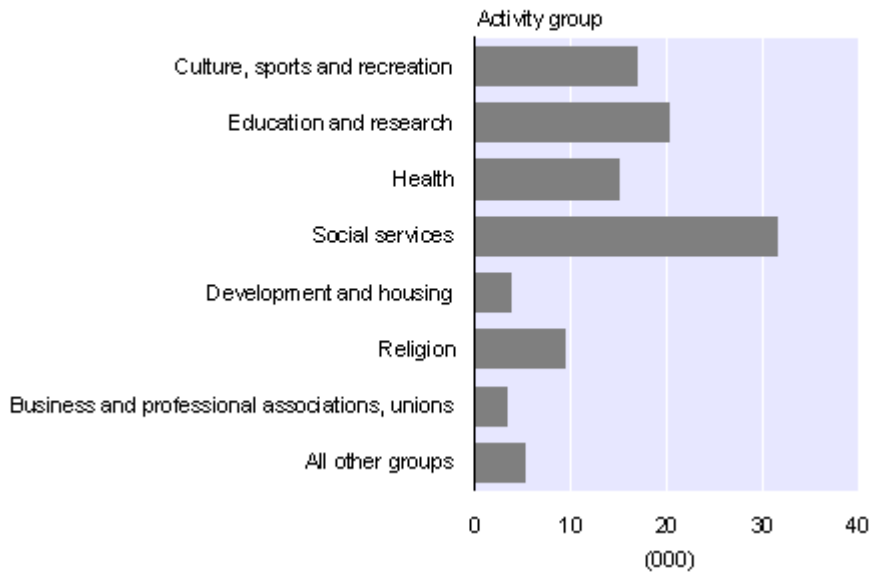
Employment counts were much more concentrated by activity than were the number of institutions. Most employment (79 percent) was in the first four activity groups, with almost half the total employment count being in just two groups: social services (30 percent) and education and research (19 percent). A further 16 percent of employment was in culture, sports and recreation, and 14 percent in health. The next largest group was religion with 9 percent of employment. The seven remaining groups contributed just 12 percent.

With the exception of the culture, sports and recreation group, the non-profit institutions in the other three significant groups (social services, education and research, and health), in general exist to provide services to the general public. In contrast, organisations in the culture, sports and recreation group primarily aim to provide services to their own members. The employment counts suggest that these non-profit institutions may be more reliant on unpaid volunteers to deliver their services.

Employment Count

By activity group

2005



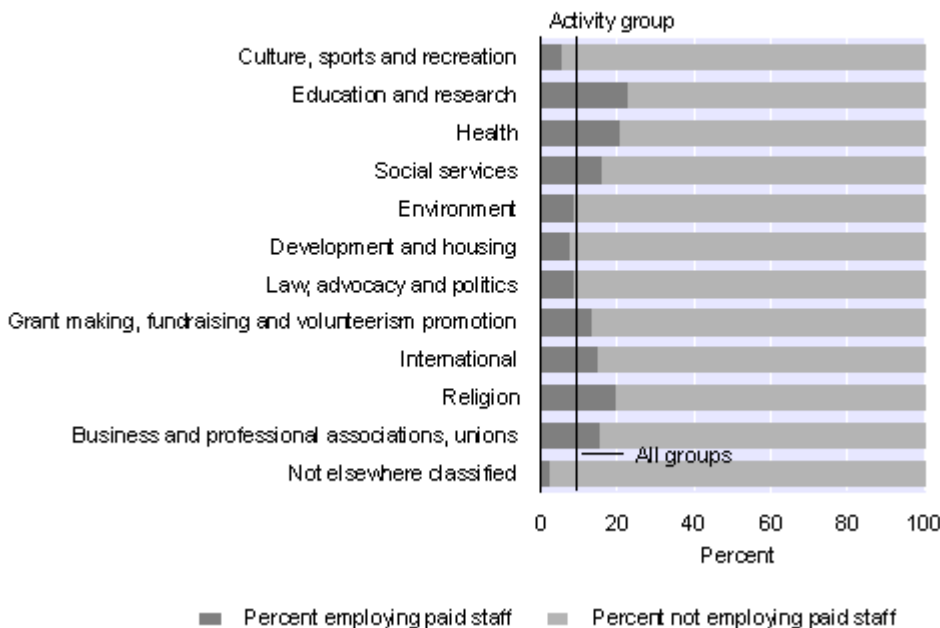
Proportion of non-profit institutions employing paid staff

The group with the largest proportion of non-profit institutions employing paid staff was education and research, where 23 percent of institutions employed paid staff. The next largest was health, where 20 percent of institutions employed paid staff. At the other end of the scale, six percent of the culture, sports and recreation group and seven percent of the development and housing group employed paid staff. Across all non-profit institutions, 9,780 (10 percent) employed paid staff. Of these, 930 (9.5 percent) employed 20 or more paid staff.

Non-profit Institutions Employing/Not Employing Paid Staff

By activity group

2005



Average number of paid staff per non-profit institution

Across all non-profit institutions, each institution employs on average 1.1 paid staff.

For non-profit institutions that employ paid staff, the average (mean) number of paid employees is 10.8. Institutions in the health group have a higher average number of paid staff than any other group. This group includes hospitals and primary health organisations which, due to their size and structure, are more likely to employ larger numbers of paid staff. There are 33.5 paid employees for each non-profit institution in the health group that does employ paid staff.

The next highest employer is the social services group with 18.0 paid staff per non-profit institution, out of all those institutions that employ paid staff. At the other end of the scale the religion group employs 4.9 paid staff per institution.

Average Number of Paid Employees per Non-profit Institution Employing Staff, by Activity Group

2005



Volunteering

Conventional measures of employment do not include the contribution of volunteers. However, the *Satellite Account for Non-Profit Institutions* (refer below to Future developments), will measure the value to the economy of volunteer work within these institutions.

The Census of Population and Dwellings collects data on the number of volunteers in New Zealand, and on the type of institutions they volunteer for. Using the 2001 and 2006 Census data, there were an estimated 436,506 volunteers across all non-profit institution activity groups at October 2005. This release shows there were 105,340 paid employees across all non-profit institutions. Therefore, volunteers in these institutions outnumbered paid employees by approximately four to one.

However, the categories used in the census are not directly comparable to the definition of non-profit institutions used in this release. Therefore, this figure may not represent the actual number of volunteers in non-profit institutions, as it includes some volunteering that takes place in government organisations such as boards of trustees.

Legal types of non-profit institutions

Organisations registered as either incorporated societies or charitable trusts are prevented under legislation from distributing any surpluses to their members or directors. Consequently, these organisations are non-profit institutions.

In October 2005, 22 percent of all non-profit institutions counted were incorporated societies. The largest proportion of non-profit institutions (61 percent), were unincorporated societies and 15 percent were charitable trusts. The balance was made up of trusts not registered as charitable trusts and charitable (not-for-profit) companies. Refer to the Technical notes below for further detail on the business types referred to here.

Future developments

This report is part of Statistics NZ's development of a satellite account for non-profit institutions. Satellite accounts are recognised internationally as a way of presenting information in particular areas of interest not covered by conventional economic accounts. In the case of non-profit institutions, this entails collecting, assembling and analysing financial and non financial data for the institutions, then determining their value to the New Zealand economy.

Statistics NZ will publish the first satellite account for non-profit institutions in August 2007. The account will include a fuller discussion of:

- the economic size of the non-profit sector (as represented by non-profit institutions)
- sources of income for non-profit institutions
- the characteristics and contribution of each NZSCNPO activity group
- the valuation of volunteer labour.

The development of the satellite account is also part of New Zealand's participation in an international comparative study of the non-profit sector led by the Johns Hopkins University (Baltimore, USA) in partnership with the Office of the Community and Voluntary Sector, and guided in New Zealand by the Committee for the Study of the New Zealand Non-Profit Sector.

Acknowledgments

In the preparation of this release, Statistics NZ acknowledges the advice of the Committee for the Study of the New Zealand Non-Profit Sector and the co-operation of the Companies Office for the use of its registers.

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Technical notes

Business Frame population

The primary source of information for counting the number of non-profit institutions is Statistics NZ's Business Frame. The Business Frame identifies enterprises (refer Terms and definitions). For an enterprise to be on the Business Frame it must meet any of certain criteria. The most relevant of which, for the count of non-profit institutions, are:

- annual GST expenses or sales of more than \$30,000
- an employment count greater than zero
- IR10 income (rent received, interest and dividends and total income) greater than \$40,000.

A snapshot of the Business Frame was obtained for the first week of October 2005. This date was chosen because it was the most recent date for which consistent data was available across all three data sources used. The Business Frame classifications used to identify non-profit institutions included:

- Business type
- Institutional sector (NZISC)
- Industrial activity (ANZSIC 96).

At the highest level the NZISC recognises five distinct sectors:

1. non-financial producer enterprises
2. financial enterprises
3. general government
4. non-profit institutions serving households
5. households.

All of sector four was included by default in the count for this release. Incorporated societies in other sectors were also included, unless under government control. Unincorporated associations in other sectors were assessed by industry to determine whether they were non-profit institutions. Also included were charitable companies. However, trading or family trusts, which made up the majority of trusts, were excluded. Examples of organisations included from the other sectors are racing clubs, business associations, industry training organisations and primary health organisations.

Kindergartens, although classified to the government sector in the national accounts, are included.

Non-Business Frame population

Because the Business Frame includes only non-profit institutions that meet one of the criteria listed above, other sources were required for the thousands of smaller organisations that do not meet the threshold. The sources of information used for these organisations include the Companies Office lists of incorporated societies and charitable trusts.

Reconciling the populations

The institutions from the overlapping population sources were integrated and reconciled. A hierarchical approach was initially taken to remove institutions duplicated in the overall list. For example, those institutions that were in the Business Frame population were removed from all other population subsets, as the Business Frame provides the most information.

Beyond this other methods employed included name matching and 'fuzzy' matching where only high probability matches were actioned (see Terms and definitions for further detail).

Classifying by activity (NZSCNPO)

The New Zealand Standard Classification of Non-Profit Organisations (NZSCNPO) has been developed for the *Non-Profit Institutions Satellite Account*, and can be obtained from Statistics NZ. The NZSCNPO groups together organisations involved in similar activities or serving similar purposes. It comprises 12 major activity groups, with the twelfth being a catch-all group, 'not elsewhere classified (residual category)'.

Three principal adaptations of the United Nation's classification have been made for New Zealand as follows:

- The first makes provision for early childhood education in the larger education group. While the international classification combines non-profit institutions active in early childhood education with school education, data on these two groups can be easily presented independently in New Zealand.
- The second acknowledges the important role that Māori play in governing tangata whenua outside of central and local government. A new category recognises tangata whenua governance organisations that manage the affairs of iwi, hāpu and marae.
- Thirdly, where appropriate, institutions have been classified as support and ancillary services within each major group, rather than to the residual group 'not elsewhere classified'. This covers non-profit institutions not adequately covered in the activity descriptors of the main groups, but related in purpose. Examples are school hostels and parent teacher associations that are classified to support and ancillary services to education, and Christian bookshops which are classified to support and ancillary services to religion.

For the Business Frame population the initial classification was done using an ANZSIC concordance. For example, preschool education (ANZSIC N8410) is concorded with early childhood education (NZSCNPO 2 110), hospitals (ANZSIC O8611) with hospitals and rehabilitation (NZSCNPO 3 100), and residential property owners (ANZSIC L7711) with housing (NZSCNPO 6 200). It should also be noted that where a non-profit institution carries out two or more distinct activities, its ANZSIC code is that of the majority activity.

For unallocated institutions from this first analysis, extensive keyword search lists were applied. Although several hundred keywords (for example 'tennis' and 'church') could be used, the list is still not exhaustive. Finally, manual classifications were made for the largest institutions (in terms of sales of goods and services) that remained, plus those units where their activity was known. After all these steps were completed, the number of non-profit institutions from the Business Frame remaining in the group 'not elsewhere classified' is below three percent.

For those organisations added from non-Statistics NZ lists, the overall method was similar. Where possible the ANZSIC-NZSCNPO concordance was applied. For the remainder the keyword analysis was applied. A further allocation was then based on the results of the manual classification of a 10 percent sample of non-profit institutions in the 'not elsewhere classified' group, using the name of the institutions. A further two-thirds of institutions in this group could be coded. The institutions that remain in the 'not elsewhere classified' group are those where either their activity is truly different to those included under any of the other eleven main groups, or where there is insufficient information about them available to allow coding.

Regional case study

To test the quality of coverage of the administrative registers, the small geographic area of the Masterton District Council was used as a case study to examine in detail how many non-profit institutions were actually being captured by the registers.

The additional lists and information used were as follows:

- Tourism Wairarapa directory of Wairarapa Regions Clubs and Organisations
- Local and Regional Grants Schemes
 - Eastern and Central Community Trust
 - Masterton Licensing Trust
 - Lottery Grants
 - Community Organisations Grants Scheme.

Organisations that were duplicated with the same or similar name were removed using key word searches. Further checks were done on the identified institutions to make sure they were actually in the Masterton District Council area and also that they were still operating.

The study revealed that the administrative registers had good coverage of all non-profit institutions in the Masterton District Council. Across all the sources used, these three registers had 92 percent of the institutions recorded.

Limitations of the data

As the study of the Masterton District Council revealed, the number of non-profit institutions identified may still be under-counted. On the other hand, it may also be overstated because of the failure to remove all duplicates from the various registers and the inclusion, not having full information, or organisations not meeting the full definition, of a non-profit institution.

Registers are generally maintained for an organisation's operational purposes. Non-profit institutions may continue to have current registrations with organisations when they no longer meet the statistical concepts required for inclusion in the population of Statistics NZ's Business Frame.

Classification coding by keyword

Keyword coding was applied where either no industrial code was available, or where there was no one-to-one match between the ANZSIC and NZSCNPO classification codes. This was applied for the majority of the non-Business Frame population and some of the Business Frame population. Where multiple keywords are in the name, a precedence list has to be applied. For example, The Church of XYZ Tennis Club would be classified to sports organisations because in the use of keywords 'tennis' is given a higher classification ranking than 'church'.

NZSCNPO subgroup data

It can be very difficult to identify some of the non-profit institutions in the NZSCNPO subgroups, for example 'income support and maintenance' (4 300) or 'employment and training' (6 300).

An undercount in those subgroups is likely, because some organisations may have been coded to the overarching groups of social services or development and housing instead, based on their industry code or keywords. Therefore, the results of the subgroup counts need to be interpreted with caution. In contrast, the results at the main group level are far more robust.

A further point to note is precisely which organisations and activities are included under each subgroup. For example, group 8 210 includes large, nationally active organisations with fundraising as their main activity, whereas organisations fundraising to support a specific activity covered under one of the other main groups will be coded to 'support and ancillary services' under this respective group. A second example is that rest homes and other aged residential care (except nursing homes that provide first and foremost medical services) are under social services, not under the health subgroup of nursing homes. Further information about NZSCNPO is available from Statistics NZ (www.stats.govt.nz).

Employment counts

Where non-profit institutions employ staff on self-employed contracts rather than on a wage or salary, the number of people engaged in paid work for the institutions will be under-counted.

Terms and definitions

ANZSIC 96

Australian and New Zealand Standard Industrial Classification. Institutions are classified according to the predominant activity in which they are engaged.

Business type

The legal status of a business organisation (including non-profit institutions).

Charitable companies

Companies accepted by Inland Revenue as charitable organisations. Shareholders must themselves be approved charities and profits can only be distributed to these charitable entities.

Charitable trusts

Organisations registered under the Charitable Trusts Act 1957 whose purpose is deemed to be charitable under New Zealand law but includes every purpose that is religious or educational, whether or not it is charitable according to the law of New Zealand.

Employee count

Head count of all salary and wage earners for the reference month. This is mostly employees, but can include working proprietors who pay themselves a salary or wage (in for-profit organisations). Employee count is now the indicator of business size (employment levels) used by Statistics NZ. It has replaced the previous full-time equivalent (FTE) measures.

Enterprise

A business operating in New Zealand. It can be a company, partnership, trust, estate, incorporated society, producer board, local or central government organisation, non-profit institution or self-employed individual.

Fuzzy matching

A search function enabling names of institutions to be grouped according to whether they have a high probability match, a medium probability match or some other possibility. The need for such matches arises from the name of an institution being on two or more lists but with different formatting, spelling or completeness. Refer to the following table for examples:

Cause of difference	Name version 1	Name version 2
Formatting	The ABC Society of NZ	The NZ Society of ABC
Spelling	The ABC Society of NZ	The ABCe Society of NZ
Completeness	The ABC Society of NZ	The ABC Society

Incorporated societies

Societies of not less than 15 persons associated for any lawful purpose but not for pecuniary gain registered under the Incorporated Societies Act 1908.

Institutional sector

Broad economic groupings which bring together organisations that play similar roles in the economy and react similarly to various market prices and/or economic policies.

Unincorporated associations

Clubs, societies and other groups that are formally organised but are not incorporated and hence not registered under any act of parliament.

More information

For more information, follow the [link](#) from the Technical notes of this release on the Statistics NZ website.

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Next release

Non-Profit Institutions Satellite Account: 2003–2005 will be released on 28 August 2007.

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Tables

The following tables can be downloaded from the Statistics New Zealand website in Excel 97 format. If you do not have access to Excel 97 or higher, you may use the [Excel file viewer](#) to view, print and export the contents of the file.

List of tables

1. Number and employment counts of non-profit institutions by activity group