

Standardising the reporting of service performance information in Australia:

An in-depth study of the not-for-profit user and
preparer communities

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SCOPE OF THE STUDY

The aim of the study was to develop information to respond to the following three questions:

1. What are the characteristics of the NFP sector and the donation process?
2. What role (if any) does information about NFPs play in the donation process?
3. What are the challenges in producing and analysing information about NFP performance?

DATA COLLECTED

Interviews:

Semi-structured interviews collected from 66 stakeholders

- 21 Donors (individuals, trustees, philanthropists)
- 33 Staff in private NFPs
- 12 with consultants, accountants, public sector staff, regulators

General questions:

- Donation process
- Reporting process

Vignettes (based on real life annual reports):

- Questions related to a hypothetical disaster relief charity called Disaster Savers Australia (DSA)
- Seven parts covering different types of financial and non-financial information about DSA
- Interview questions ask interviewees how they assess and use the different types of information to understand DSA's performance

RECOMMENDATIONS

1. The AASB should not develop a mandatory service performance reporting standard. However, best practice guidance is seen as potentially valuable.
2. The AASB should review current requirements for the reporting and disclosure of expenses by NFPs, with a view to proposing enhanced/revised disclosure requirements.
3. The AASB should monitor ongoing developments in NFP narrative and impact reporting, consulting regularly with leading NFP evaluation specialists.

GENERAL QUESTIONS

KEY FINDINGS

- Donation processes:
 - spontaneous, small amount donation
 - Formal grant application for large amount donation
- Donation decisions are made based on:
 - Emotions
 - Networks
 - Ad hoc information specifically requested by funders
 - Financial statements (to a certain extent)
- No compelling evidence of a clear demand from potential report users or NFP preparers for mandatory service reporting in the NFP sector in Australia.

VIGNETTES - FINANCIAL INFORMATION

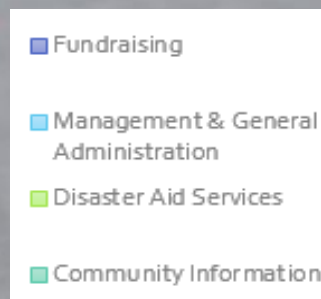
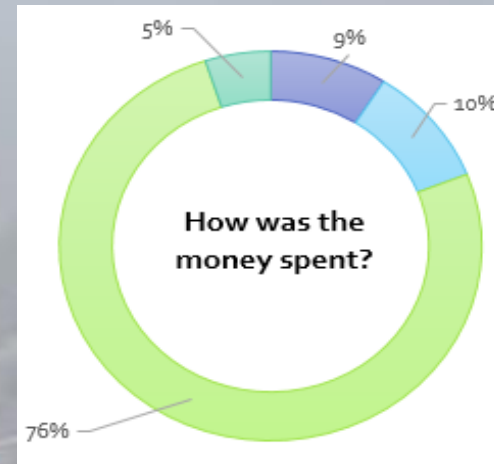
DISASTER SAVERS AUSTRALIA

WHO WE ARE AND WHAT WE DO

Disaster Savers Australia is a leading disaster relief and humanitarian agency which provides highly skilled people and training to help communities who have suffered loss caused by natural disasters. Natural disasters such as floods, earthquakes, bushfires, violent storms and landslides cause great financial hardship for individuals, families and communities. Specifically, our organisation provides families and individuals who are victims of natural disasters with their immediate essential needs such as shelter, materials, clothing, water, light, medication and food. We also provide post-disaster assistance services such as grief counselling, supportive counselling and stress management, as well as information on practical and physical preparation for natural disasters. We believe that it is vital for people to obtain as much support as they need to recover and rebuild their lives. We have assisted over 300,000 victims of natural disasters since our establishment in 1995. Most notably, we worked with several other disaster relief agencies in aiding victims of the 2009 Black Saturday bushfire and the Victorian and Queensland floods that occurred in early 2011. These disastrous events have touched directly and indirectly millions of people across Australia and around the globe. We have been providing practical resources and personal support to communities even until this day.

WHERE THE MONEY GOES

During the financial year ended 30 June 2017, Disaster Savers Australia accumulated a total of \$81.9 million in revenue. \$62.24 million was spent on assisting victims of natural disasters and providing resources to rebuild their lives, as well as providing humanitarian response training to employees to maintain a highly competent, responsive and committed group of emergency responders. A further \$4.10 million was spent to educate the public on how to respond and prepare for natural disasters. Costs required to operate Disaster Savers Australia was \$8.19 million. This cost included human resources, information technology, insurance, finance, audit and legal fees, Board of Directors and committees and corporate services including office management. The cost associated with fundraising totalled \$7.73 million which involves attracting and retaining donors.



HOW THE MONEY WAS SPENT	2017 \$000	%
Fundraising	7,731	9
Management & General Administration	8,190	10
Disaster Aid Services	62,244	76
Community Information	4,095	5
Total	81,900	100

**NOTE 1: MANAGEMENT & GENERAL
ADMINISTRATION – DETAILS OF EXPENDITURES**

	2017 (\$000)	2016 (\$000)
Human resources	3,604	3,202
Information technology	1,567	1,804
Insurance	32	28
Finance, audit and legal fees	1,690	1,603
Board of Directors and committees	896	586
Corporate services (incl. office management)	401	280
Total management & general administration	8,190	7,503

NOTE 2:

	2017 (\$000)	2016 (\$000)
Wages and salaries	25,692	27,103
Travel and accommodation	5,647	4,106
Operating lease rental expenditure	12,698	15,307
Temporary shelters building and facilities expenses	9,667	8,815
Cost of emergency blankets and water	1,206	1,405
Cost of rendering training services	4,589	7,837
Other operational costs	2,745	1,275
Total disaster aid services	62,244	65,848

INTERVIEW QUOTES

- *“Where does my dollar go? I want to see what you’re spending it on. And then if I am happy or maybe not happy with a certain percentage or figure, I should have the option to explore that further and that information should be available to me.”* (4) – Small Donor






- *“Well the point is how do you define fundraising. Do you apportion for CEO salaries that they spend on fundraising, or do you not? You can shrink fundraising to be really low [or] you can increase it to be really high which you wouldn’t want to do.”* (21) – Academic with in-depth knowledge of the NFP sector
- *“If we had a consistent definition of things like fundraising, management and general admin, etc, then I'd be very happy ... but if we don't have a consistent definition application, then it's pointless.”* (33) – Large Donor

KEY FINDINGS

- Lack of details / disaggregation / contextual information on disclosures of expenditures
- Lack of consistency on the classification of expenditures between charities

VIGNETTES - SERVICE PERFORMANCE INFORMATION

#	Objectives	Status	Resources	Activities	Actual	Planned	Ratio (Actual/Planned)	Outcomes
1	Improve the quality of life of affected individuals and families by providing food, clean water, temporary shelter, blankets, cooking utensils and hygiene kits. 	●	\$22.1 million 216,371 volunteer hours 14,528 volunteers 279 staff and aid workers	Assist victims of disasters	89,785 people assisted	100,000 people assisted	90%	Some of the disaster affected areas in Australia have benefited from the relief work carried out by DSA. As a result, a number of people who endured disaster-related hardships have experienced immediate improvements in their quality of life.
				Distribute bottles of water	567,892 bottles of water distributed	600,000 bottles of water distributed	95%	
				Build temporary shelters	30 temporary shelters built	60 temporary shelters built	50%	
2	Offer free on-going counselling and financial support services to help disaster victims cope with grief, loss and trauma. 	●	\$3.2 million 58 counselling psychologist 43 financial supporters	Hours of counselling/financial support services provided	378 hours	500 hours	76%	While DSA has expended sizable efforts in terms of counselling and financial support services, the impacts of these programmes is currently unknown. However, DSA expects that many Australian communities will benefit from these services in the long-run.
				Number of individuals/families provided with counselling and financial support services	364 individuals/families	450 individuals/families	81%	
				Calls and emails received to our Counselling and Financial Support hotline	437 calls received	600 calls received	73%	
3	Teach the community, train staff, volunteers and aid workers on how to prepare for disasters and be able to respond immediately to crises. 	●	\$2.3 million 65 training sessions 27 trainers	Provide training to staff members, aid workers and volunteers	12,896 individuals trained	14,000 individuals trained	92%	DSA's successful training program has ensured that numerous communities across Australia are better prepared for future disasters.
				Distribute Disaster Savers educational brochures	105,089 educational brochures distributed	100,000 educational brochures distributed	105%	
				Visit disaster prone areas to teach and train individuals/families	5,689 individuals trained	5,000 individuals trained	114%	

Legend: ● = Objective achieved, ● = Objective partially achieved, ● = Objective not achieved.

INTERVIEW QUOTES

- *“This is still output based. It’s only mentioning say, what activities they do, what’s been budgeted or planned. [...] But it’s still unclear on the impact, for example, you might have assisted 89,000 people, but how many of those people would have an improved quality of life?”* (56) – Staff in large NFPs



- *“People assisted - in what way? Does that mean someone just got one meal? That’s quite a difference of people assisted. How do you measure that?”* (4) – Small donor
- *“Numbers are just numbers. It’s really about the difference that you make and help those in need...”* (53) - CFO of a large NFP

KEY FINDINGS

- Quantitative non-financial information raises more questions than it answers
- Donors want to know the outcomes and impact achieved by NFPs

VIGNETTES - STORIES AND TESTIMONIALS

Objective #3: DSA's successful training program has ensured that numerous communities across Australia are better prepared for future disasters.

INDICATORS

Testimonial of a volunteer

Robert Nayar, a volunteer aid worker in Redesdale, Victoria reported the following information:



“The training programme provided by DSA has been invaluable. Having personally experienced the Black Saturday bushfires, I never want my community to go through such a tragedy again. That’s why myself and others here in Redesdale are so dedicated to making sure we know how to respond. I’m confident that we’ll be ready if this ever happens again.”

Community survey

DSA also conducted a follow up survey with the City of Greater Bendigo. The survey revealed that over 85% of Redesdale residents now have the necessary skills to adequately respond to bushfires. With the help of DSA's ongoing efforts, it is aimed that all residents in vulnerable regions in Australia will be disaster ready by 2022.

INTERVIEW QUOTES

- *“Likewise telling the story of one isolated individual might connect emotionally but that's not enough for us to do a - particularly a larger scale grant.” (33) Large Donor*
- *“it's nice to have a personal story and then the community survey to actually justify why the numbers were done” (11) - Chair at a large charity*
- *“the better NFPs will tell success stories and failure stories, and try and be really balanced and transparent in that” (25) - Audit partner regularly working with NFPs*



- *“It’s more that journey and story that is really, really interesting rather than testimonials.” (40) - CEO of a Trust fund*

KEY FINDINGS

- Narratives, stories and impact reporting are highly relevant for donors and NFPs.
- Carried out by NFP staff and NFP evaluation specialists rather than accountants.
- Need to understand the links between narratives, stories and financial information.
- Guidance on what makes a 'quality' narrative or story, as well as how to provide a 'balanced' set of stories may be useful.

RECOMMENDATIONS

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