

# Manifesto Towards a Thriving Not for Profit Community Sector

05 August 2010



## Introduction

A survey of over 1,500 people working in the Not for Profit Community Sector was conducted by Pro Bono Australia during the first week of the 2010 election campaign to gauge support for the recommendations of the recent Productivity Commission Report into the Contribution of the Not for Profit Sector.

The Commission's report, published in February 2010, made 39 recommendations for removing red tape and improving regulation of Australia's diverse Not for Profit sector.

The survey was developed by Pro Bono Australia in collaboration with the Centre for Social Impact.

The complete survey results and additional comments by participants have shaped this Manifesto.

Leading up to the 2010 Federal election each of the major Parties have been asked to give a commitment to social policy reform.

We thank all those who have lent their voice to the survey and supported this initiative.

Karen Mahlab, Founder and CEO, Pro Bono Australia

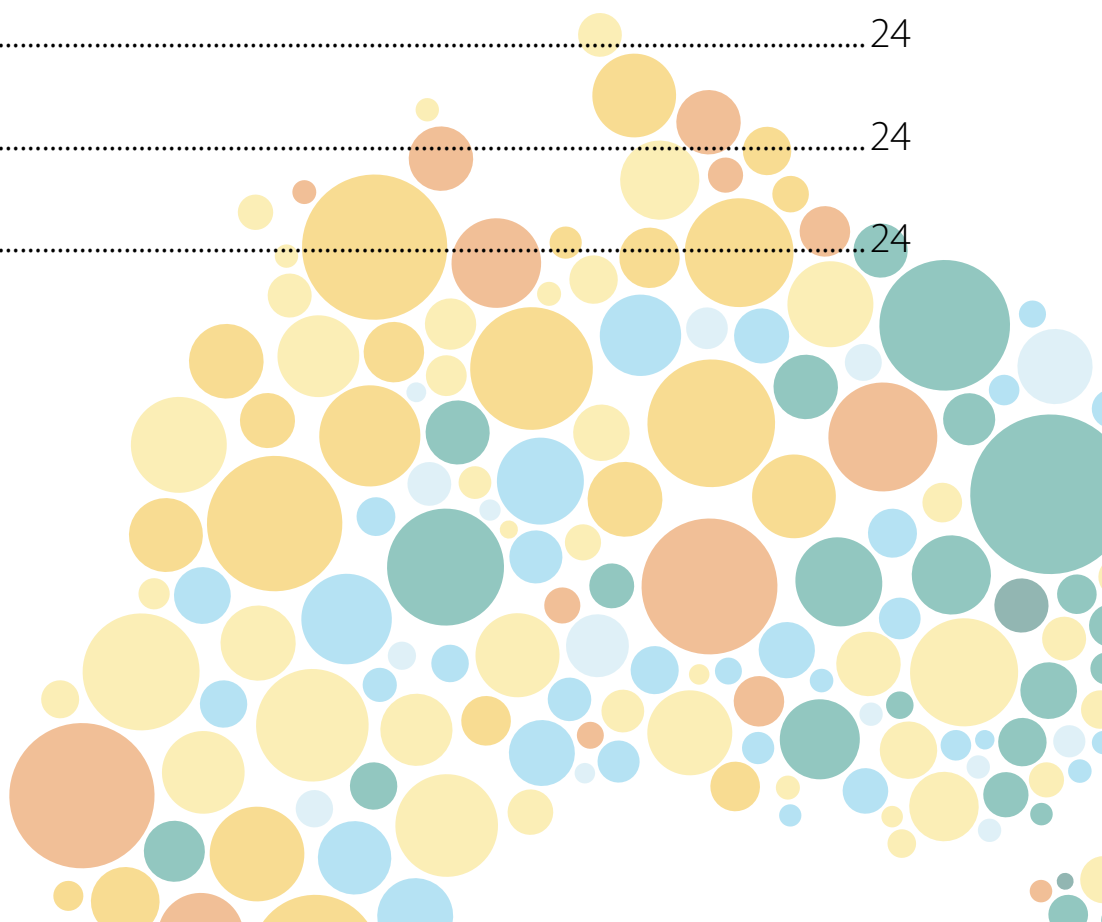
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# 1. FIX GOVERNMENT-SECTOR ARRANGEMENTS..

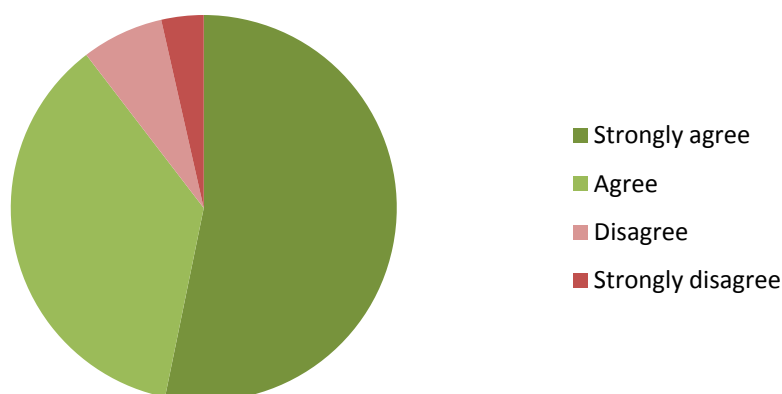
*We call on our political leaders to commit to...*

Establish a new government agency to resource and coordinate the Government's work with the sector as a whole. Tasks for this new agency: implementing regulatory reforms; improving the quality of information about the sector; improving the effectiveness of services; streamlining funding arrangements; promoting social innovation; and, facilitating stronger community and business collaboration.

## SECTOR RESPONSE

Almost 90% of the survey respondents agreed with the Productivity Commission's recommendation that the Government should establish a specific place within government to be responsible for sector issues. Unsurprisingly those that have worked within the sector the longest had the highest proportion that agreed strongly with the question (56%). Interestingly it was also this group that had the highest proportion that disagreed (12%).

**Should the Australian Government establish a specific department to be responsible for Not for Profit sector issues?**  
(% those who formed an opinion)





*"This would help to focus Government's thinking and support for the Sector to achieve the kind of reforms recommended by the Productivity".*

*"The development of a specific NFP Department would stop the double or even triple handling of scheduling, funding, managing, budgeting monitoring and duplicating of programs. It would expedite the delivery and networking of programs."*

*"An "Office" is supported rather than a department - in my experience these can work across departments more effectively than setting up a new silo/department. The "Office" should be auspiced under another department with relevant links (i.e. human services not transport) and have a senior Cabinet Minister with the ear of PM as criteria."*

*"Again, this should incorporate social enterprises where the aim is delivering social innovation as the NFP sector is only a part (albeit a large part) of the solution."*

## 2. SET UP A ONE-STOP-REGULATORY-SHOP...

*We call on our political leaders to commit to...*

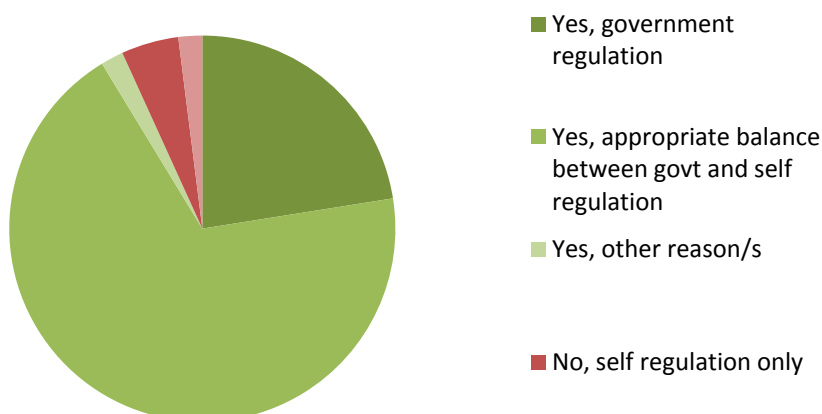
**Establish a national Registrar for charities, community organisations and not-for-profit organisations, in collaboration with the sector.**


The Commission argues that sound regulation of NFPs is important to build and maintain trust in the sector, as well as to provide organisations with a clear legal framework. It reported that the current regulatory framework for NFPs is uncoordinated at the Commonwealth and state/territory levels, with disparate reporting and other requirements adding complexity and cost, especially for organisations operating in more than one jurisdiction. The Report recommends a national Registrar, acting as a one-stop-regulatory-shop, who would: Register and regulate not-for-profit companies and Indigenous corporations; decide which organisations can get Commonwealth tax concessions; provide a single reporting portal for public record corporate and financial information.

### SECTOR RESPONSE

Over 90% (93%) of respondents stated that there should be a national Registrar for the sector. Across the three types of respondent there were slightly different views as to the nature of regulation with over 7 out of 10 of the respondents that have worked within the sector for the longest expressed preference for co-regulation whilst 1 out of 4 of the other stakeholders preferred government to regulate (which included the respondents from government).

**Should there be a national Registrar  
(a one-stop-regulatory-shop) for charities, community  
organisations and not-for-profit organisations?**





*I certainly don't think the NFP's can or should do it alone but with a joint effort great things could be achieved!"*

*"Given that NFP organisations can sometimes be seen as "doing work that the government should do", it is important to make the regulatory environment as simple as practicable. But the government should not regulate in the sense of taking over and directing the activities of NFPs. Primarily, these organisations arose from and through non-governmental motives and social forces. They cannot be seen to be annexed by the government. Such disempowerment of the community would be counter-productive."*

*"If they want government funding then they must accept government regulation."*

## 3. BUILD KNOWLEDGE...

*We call on our political leaders to commit to...*

**Facilitate the establishment of a national online resource that presents data and information about community and not-for-profit organisations and the not-for-profit sector as a whole, in partnership with the sector.**

The Commission was concerned at the lack of information about the effectiveness of community services, as well as aware of the difficulties associated with measuring impact. The idea of national clearing house – which the Commission termed a “Centre for Community Service Effectiveness” – is to promote best practice approaches to evaluation, act as a clearing house for evaluation, and conduct ‘meta’ analysis of evaluation results. The Commission envisages that, over time, the Centre should be funded by state/territory governments, the business sector and the sector itself.


### SECTOR RESPONSE

Nine out of ten respondents agreed that government should facilitate the establishment of a national online resource that presents data and information about organisations and the not-for-profit sector as a whole.

The majority of these respondents (68%) stated that the sector itself needed to lead such an initiative – a view most strongly held by the “sector old hands” (71%).

The sector newcomers (20%) and other stakeholders (17%) had the strongest preference for this knowledge base to be operated within government. of community services, as well as aware of the difficulties associated with measuring impact.





*"Yes - this is a great opportunity for the sector, government, business and tertiary education bodies to work together to establish a common evidence base for best practice - it could fly neatly under the banner of the National Compact!"*

*"The centre should be independent of government (e.g. run by an academic institution) but it should have access to government data, particularly that collected through reporting and accountability requirements under funding agreements and internal and external evaluations of programs."*

*"Centralised, accessible data that is clearly and correctly used is a vital tool for any sector and the not-for-profit sector could benefit from it greatly provided it was up-to-date, well managed, reflective of all privacy laws and accessible to all - for this to happen the online resource needs to be sustainably resourced and supported by government."*

## 4. APPLY COMMON SENSE TO TAX CONCESSIONS...

*We call on our political leaders to commit to...*

**Simplify eligibility for tax concessions, by streamlining the existing 40 statutes and 19 government agencies responsible for this function.**

The Commission found that the current system of NFP tax concessions is complex, inefficient and inequitable. As evidence, the Report points out that, across all Australian governments, there are 40 statutes which provide tax concessions to charitable organisations and 19 separate agencies that regularly make determinations of charitable status. No surprise, the Commission found that the resulting administrative and compliance burden for NFPS – and governments – is expensive, confusing and onerous.

### SECTOR RESPONSE

Over 95% of respondents agreed that the Government should simplify the eligibility for tax concessions.

*"Please do this. It's a nightmare at present."*

*"This talks directly to the heart of social impact. It is not only the NFP sector which is in need of measurement. How can the current system of NFP tax concessions be in the interests of creating social impact for Australians and Australia? One national body resourced by one efficient, highly trained and skilled team should handle NFP tax concessions."*

## 5. SORT OUT VETTING SYSTEMS...

*We call on our political leaders to commit to...*

**Introduce a streamlined national vetting system for working with children and vulnerable people.**

The Commission found that background checking of staff volunteers is often recommended to protect vulnerable clients (children, young people, people with disability, older people) and is often mandated by governments. People told the Commission that the cost, amount of administrative work, slow processing times and lack of portability between organisations and across jurisdictions was a big problem.

### SECTOR RESPONSE

Over 98% of the respondents agreed that a streamlined national vetting system should be established for volunteers for working with children and vulnerable people.

*"Yes, it should be similar to a national police check that is valid across states/territories. This should then eliminate the need for separate state checks. As Child protection is very important there should also be a national standard so that people cannot move to areas with less stringent regulations."*

*"A system such as the Queensland Suitability card ("blue card") could be expanded nationally. State and federal police checks could be unified?"*

*"Current system is time consuming and administratively burdensome which deters volunteers."*

## 6. ENCOURAGE GIVING...

*We call on our political leaders to commit to...*

Provide funding for a national campaign to promote and support planned giving, such as regular donations and bequests, and especially payroll giving – and government to work with the sector on this campaign.

The Commission believes, having regard to international experience, that encouraging planned giving – especially through payroll giving (a regular deduction from fortnightly pay) – will significantly increase the level of giving by Australians, and enable that giving to be more thoughtful and cost effective.

### SECTOR RESPONSE

Over two-thirds of the respondents agreed that government should fund a national campaign to promote and support planned giving. Other stakeholders were the strongest supporters of such a campaign with 3 out of 4 in agreement. Amongst these respondents there was a preference for the sector to lead this campaign and not Government – (36% stating it should be sector led against 27% that it should be government led).

The respondents from the sector expressed concern that 'government may promote this as a way of limiting their funding obligations' (17%) and stated that it is up to organisations themselves to promote fundraising (12%).



*"The sector needs to demonstrate its impact and successes and work collaboratively to win the support of Australians. Transparency, accountability and measurement of impact are key, as is consolidation to minimise duplication. Government's funding should be directed to building the infrastructure that enables these elements."*

*"I would like the sector and government to work together on this one as awareness raising can only benefit us all. Need to keep in mind 'giving fatigue'. As a giver myself I am weary of fending off well meaning collectors of donations."*

*"Fund-raising is clearly an issue for the sector itself and the individual organisations within the sector and is not a matter for the Federal Government".*

## 7. ENABLE SENSIBLE USE OF BORROWED MONEY...


*We call on our political leaders to commit to...*

**Facilitate ways for Not-for-Profit community organisations to access debt finance to increase service provision, especially in capital intensive service contexts, where appropriate.**

The Commission found that the Not for Profit sector makes poor use of, and has limited access to, debt financing (i.e.: borrowing money). This is, of course, a vital form of finance for the private sector. The result is that the NFP sector makes very limited use of debt to meet capital needs (e.g.: to buy and modify houses for people with a disability). The Commission believes that governments should help: build business planning skills in the sector (especially social enterprises); improve funding certainty, to enable organisations to take on long term debts; and explore options for philanthropic trusts to make loans, rather than just make grants, as is the situation at the moment.

### SECTOR RESPONSE

Over three-quarters of the respondents stated that the government should facilitate ways for not-for-profit organisations to borrow money for their activities. This was most strongly supported by other stakeholders (79%) – considerably higher than the sector old hands (68%). The majority of these respondents felt that this was the responsibility of government (46%) but a significant proportion thought that such an initiative should be led by the sector (22%). The sector old hands expressed concern that this may limit government funding obligations (26%) – a concern also noted above in relation to a campaign to promote planned giving.



*"In doing so the NFP should also have a sound financial base from which to negotiate. NFPs are continually trusted with people's lives but it seems that the Government is not prepared to trust us with three years of funding to enable us to build a more stable base. NFPs with annual funding would not be in a position to take out a loan."*

*"With lots of caution and attention to overseas learning. Again, the lack of community education (and board education) about debt funding for NPOs is a barrier to be overcome."*

*"Again a good idea but on balance the risks outweigh the benefits".*

## 8. MOVE TOWARDS WAGE JUSTICE...

*We call on our political leaders to commit to...*

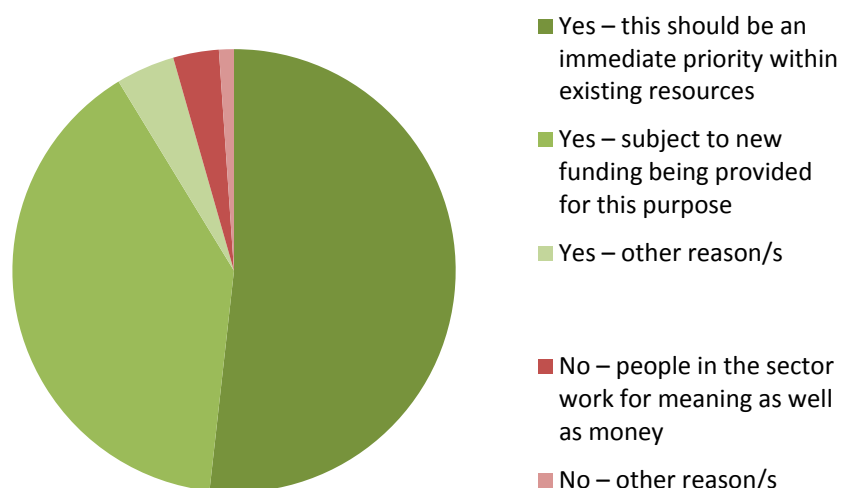
**Fund wages at market rates in all government funded programs as an immediate priority within existing funds and/or through new funding.**

The Productivity Commission Report asks: is there a workforce crisis in the NFP sector? The question arises because of the sector's difficulties in attracting and retaining employees due to low wages; high levels of employee turnover within the sector; and, a lack of career paths and training opportunities. The Report finds that "wages in the community sector are still considerably lower than equivalent positions in the public sector." The Report recommends that Governments fund wages at market rates, rather than on award or historical rates.


### SECTOR RESPONSE

Over 95% of respondents stated that the government funding should be based on relevant market wages for equivalent positions. The majority (52%) stating that this should be an immediate priority from within existing resources but a substantial minority (40%) stated that this should be the subject of new funding.

**Should Australian governments base funding on relevant market wages for equivalent positions?**







*"It is difficult to attract highly trained staff when the wage that you are offering is not commensurate to their skill level."*

*"A high turnover results in a less productive organisation which consequently results in the Government eventually having to contribute more money. Hence it is more economically productive to increase pay and improve working conditions."*

## 9. HELP VOLUNTEERING...

*We call on our political leaders to commit to...*

Facilitate and promote volunteering, especially through support of sector-led initiatives.

### SECTOR RESPONSE

Over 90% of the respondents stated that the government should facilitate and promote volunteering – over half of which stated that such an initiative should be operated through sector-led initiatives.

*“Past and current government initiatives facilitating and promoting volunteering have been focussed on recruiting more people to volunteering without supporting and developing the volunteer sector to cope with more volunteers. Supporting good volunteer management needs to be much more on the agenda. It is also important that such initiatives are sector led and have the input of not just the volunteering peak bodies but on the ground volunteer managers and the Australasian Association for Volunteer Administrators (AAVA). It is also important that NFPs which utilise volunteers are able to retain control of who they recruit and how they train/induct volunteers. Too often national initiatives take a “one size fits all” approach which does not translate well within specific organisations.”*

*“For corporate volunteering, there is frequently a mismatch between the desire for staff volunteering experiences and the needs of community organisations. Often corporate volunteering activities are a significant resource drain for community organisations. Activities should ideally be geared toward building the capacity of the community organisation to deliver its services more effectively. Corporates have enormous potential to share expertise (strategy, marketing, IT, finance) with community organisations they partner with, build deep relationships and engage staff on both sides.”*

## 10. SUPPORT INNOVATION...

*We call on our political leaders to commit to...*

Provide growth funding for social innovation and testing of new approaches to service delivery – and that this should be new funding.

### SECTOR RESPONSE

Over three-quarters of the respondents that expressed a view (78%) agreed that all government programs should dedicate some funding for social innovation / testing new approaches to service delivery. The majority of these respondents (55%) stated that this should come from new funds and most of the remainder stating that social innovation should be accorded a high priority from within existing resources (19%).

A significant minority (15%) of the respondents stated that it was not social innovation that was needed but funds for “what we do already”.

*“Yes - reflective and reflexive practice must be built into everything we do - in order to innovate and improve we should always be asking at the minute level - why do we do this, is it relevant, what is the purpose, what other ways are there of achieving this etc.”*

*“Innovation is important but not at the expense of current successful models of service delivery”.*

# 11. PRIORITISE COMMUNITY WELLBEING...

*We call on our political leaders to commit to...*

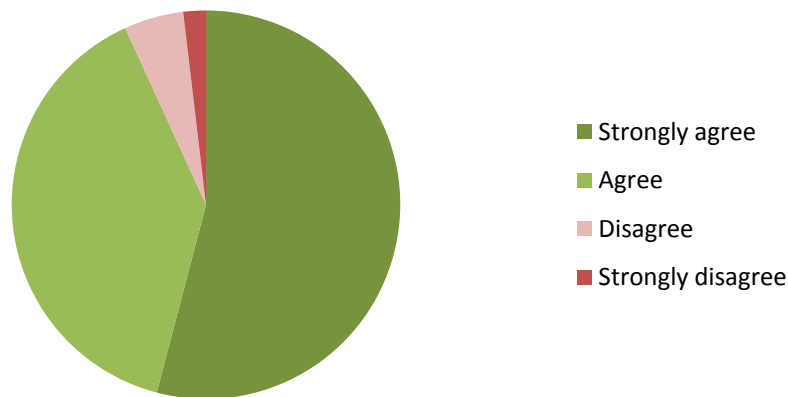
**Adopt a common, nationwide, 'index of community wellbeing', that maps wellbeing at local, regional, state and national level.**


Overall, the social sector's role in Australia is to enhance community wellbeing. However, unlike economic indicators such as Gross National Product, this is no officially sanctioned, nationwide system for measuring community wellbeing over time. The Productivity Commission canvasses the extensive work done, both in Australia and internationally, to develop robust measures of community wellbeing.

## SECTOR RESPONSE

More than 9 out of 10 respondents (93%) that expressed a view agreed that the government should adopt a common, nationwide, index of community wellbeing that maps wellbeing at local, regional, state and national levels. This statement was most strongly supported by other stakeholders (61%).

**Should governments adopt a common, nationwide, 'index of community wellbeing', that maps wellbeing at local, regional, state and national level?**





*"This would give everyone involved a better idea of how the community is functioning and what needs to be improved in a more targeted and thoughtful way rather than as a reaction to something that has hit the news and needs to be responded to now."*

*"Community wellbeing may be the new measure of a successful nation".*

## Manifesto Towards a Thriving Not for Profit Community Sector

Recognising that Government strategies for promoting community wellbeing, social inclusion, and social innovation depend on a vibrant, efficient and effective Not for Profit community sector, the Not for Profit Community Sector calls upon the Australian Labor Party, Australian Liberal Party, The Nationals, and the Australian Greens to commit to the following actions:

### REGULATION AND THE INSTITUTIONAL FRAMEWORK OF GOVERNMENT

1. Establish a new government agency to resource and coordinate the Government's work with the sector as a whole. Tasks for this new agency: implementing regulatory reforms; improving the quality of information about the sector; improving the effectiveness of services; streamlining funding arrangements; promoting social innovation; and, facilitating stronger community and business collaboration.
2. Establish a national Registrar for charities, community organisations and not-for-profit organisations, in collaboration with the sector.
3. Facilitate the establishment of a national online resource that presents data and information about community and not-for-profit organisations and the not-for-profit sector as a whole, in partnership with the sector.
4. Simplify eligibility for tax concessions, by streamlining the existing 40 statutes and 19 government agencies responsible for this function.
5. Introduce a streamlined national vetting system for working with children and vulnerable people.

### POLICY

6. Provide funding for a national campaign to promote and support planned giving, such as regular donations and bequests, and especially payroll giving – and government to work with the sector on this campaign.
7. Facilitate ways for Not-for-Profit community organisations to access debt finance to increase service provision, especially in capital intensive service contexts, where appropriate
8. Fund wages at market rates in all government funded programs as an immediate priority within existing funds and/or through new funding
9. Facilitate and promote volunteering, especially through support of sector-led initiatives
10. Provide growth funding for social innovation and testing of new approaches to service delivery – and that this should be new funding
11. Adopt a common, nationwide, 'index of community wellbeing', that maps wellbeing at local, regional, state and national level.

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# THE FACTS

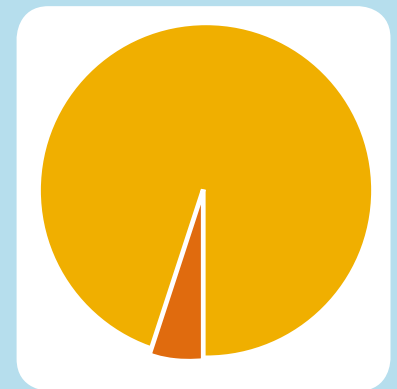
The Australian Not for Profit Community  
Sector : Fact sheet

## Size

- 600,000** The number of Not for Profit Organisations in Australia<sup>1</sup>
- 440,000** Of these are small, unincorporated organisations<sup>2</sup>
- 58,779** The number of NFPs that have are 'economically significant' according to the ABS<sup>3</sup>
- 24,531** The number of organisations with DGR status or DGR endorsed funds as of January, 2010<sup>4</sup>

## Economic Contribution

In 2006/07, the 58,779 NFPs contributed **\$41 billion** to Australia's GDP (out of a total GDP of \$998 billion). This is equivalent to the contribution of government administration and defence (\$40 billion), and almost double that of the agriculture industry (\$21 billion)<sup>5</sup>.



Sector contribution toward  
total GDP (2006/2007)

## Employment

These organisations make up 8 percent of employment in 2006-07, employing **889,900** people.<sup>6</sup>

## Volunteering

**4.6 million** volunteers work with NFPs, with a wage equivalent value of **\$15 billion**.<sup>7</sup> 34% of the adult population of Australia (5.4 million people) volunteered in 2006, for a total of 713 million hours– or the equivalent of **371,354** full time positions<sup>8</sup>.

1 Productivity Commission (2010), Contribution of the Not-for-Profit Sector, Research Reports, Canberra

2 Ibid

3 Ibid

4 Pro Bono Australia Research, January 2010

5 ABS (2009), Australian National Accounts: Non-Profit Institutions Satellite Account 2006-07. Reissue 2009. Cat No 5256.0 ABS, Canberra

6 Productivity Commission (2010)

7 Ibid

8 ABS (Australian Bureau of Statistics) (2007) Voluntary Work, Australia 2006 Cat No 4441.0. ABS, Canberra.

## References:

Full Survey Results - ANALYSIS OF RESPONSES TO THE ELECTION SECTOR MANIFESTO SURVEY  
[http://www.probonoaustralia.com.au/sites/www.probonoaustralia.com.au/files/manifesto\\_survey\\_-\\_response\\_analysis.pdf](http://www.probonoaustralia.com.au/sites/www.probonoaustralia.com.au/files/manifesto_survey_-_response_analysis.pdf)

Productivity Commission (2010), Contribution of the Not-for-Profit Sector, Research Reports, Canberra (<http://www.pc.gov.au/projects/study/not-for-profit>)

## Supported by:



## Methodology:

The online survey was conducted between 26th July and 3rd August 2010. The survey was promoted on the Pro Bono Australia and Centre for Social Impact websites - a total of 1,568 responses were received.

Almost half (49%) of the respondents had been involved with the not-for-profit sector for more than 10 years, 11% declined to say how long they had been involved – the remaining 40% was equally shared between those involved for five to ten years and those less than five years. Almost a half of the respondents held governance or management roles within the not-for-profit sector. Over 150 philanthropists, almost 100 clients, over 80 government employees, and over 80 suppliers of services to the sector responded.

These respondents were categorised into three groups:

- Sector long term - "Sector old hands" – those involved in governance, management and service provider roles in the not-for-profit sector for ten years or more.
- Sector short term - those involved in governance, management and service provider roles in the not-for-profit sector for less than ten years.
- Other stakeholders – philanthropists, clients, government employees and service suppliers.

NB. Where respondents identified multiple roles – involvement in the not-for-profit sector had priority in terms of allocation to these three groups.

The percentage statistics used in the report were based on those that expressed a view i.e. those that had no opinion were removed.