

Submission to the Productivity Commission's Not for Profit Sector Study.

I would like to focus briefly on two major issues – the omission of volunteers & the scope of the study.

1. Volunteers – the 'blind spot' of government policy.

Volunteers are not mentioned at all in the Productivity Commission's terms of reference for this research study and are only mentioned tangentially throughout the Issues Paper including on pp. 25-26 under 'access to human resources'. Through this omission, the integral role that volunteers and volunteering play in relation to the not for profit sector in Australia today is ignored or at the very least downplayed. This is a huge oversight in my view. The Productivity Commission's study is the perfect opportunity to provide a detailed empirical analysis of volunteering as well as effectively count, measure and assess this invaluable 'human resource'.

There also appears to be a distinct lack of historical understanding throughout the Issues Paper not only on the role of the not for profit sector and its relationship with governments over time, but also on the role and importance of volunteers, the touchstone of a great majority of not for profit organizations. I draw the Productivity Commission's attention to *Volunteers. How we can't survive without them* which is one of the first studies to provide an historical overview of the various roles played by the not for profit sector and governments in Australia since 1945 that can assist in providing historical overviews of how not for profit organizations and government interests have evolved (Oppenheimer, 2008). Likewise, *Volunteers and Volunteering* provides invaluable analyses of contemporary attitudes, community values and government policies (Warburton & Oppenheimer, 2000).

The unpaid labour used by not for profit organizations must be properly counted, assessed, evaluated and considered as part of any measurement study of the not for profit sector. Major ways that not for profit organizations contribute to economic, social and civic outcomes is through the extensive and sometimes exclusive use of volunteers. They are a cheap 'human resource' and invaluable to delivering their services. Volunteering is now also being seen as a 'crucial renewable resource' but there is little reliable, up to date and ongoing data and structures to measure and evaluate it (JHI, 2008), especially in Australia.

For too long, volunteering has been overlooked in regular economic statistics. This invisibility undermines the importance and impact of volunteer work as contributing to the welfare and productivity of Australia, and the enormous social and civic contributions of volunteering. The result is a 'blind spot' when it comes to developing government policy.

But perhaps it might be best to drop the term 'volunteer' altogether and rather use the term 'unpaid labour' because our economic systems to date seem unable to deal with a

concept of 'labour' for which there is no financial remuneration for the work involved. If we called volunteering 'unpaid labour' then perhaps we might get more recognition.

It has been estimated that globally volunteer labour accounts for around 45 % of the labour force of not for profit organizations (Salamon, Sokolowski et. al., 2004). The figures are similar for Australia. In a recent ACOSS study, the percentage of volunteer labour, including volunteer boards and management personnel from the NSW community sector, was put at 52% (ACOSS, 2008). As Lyons has already pointed out in his recent Productivity Commission submission, the figure of 2.4 million volunteers is not the best figure to use (p. 7) and the ABS figure of 5.2 million volunteers is much more realistic – most of these are found in not for profit organizations.

Volunteer work is therefore not only highly significant in size and volume – it is significant in the overall economic value provided by the not for profit sector. However, this economic value is generally not being accurately captured in standard economic data such as the Gross Domestic Product (GDP). The idea of creating a comprehensive and valid system to measure and value volunteer work and to create workable accounting paradigms are not new (eg. Ironmonger, 2000) Now the International Labour Organization (ILO) and Johns Hopkins Center for Civil Society Studies are working towards creating labour force surveys as a way of providing a realistic statistical platform for measuring volunteer work (ILO, 2008a & b). Designing labour force surveys that includes both paid and unpaid labour; using existing occupation classifications to sort volunteer work; relying on imputing a value to volunteering through a 'replacement cost approach' are some of the principles guiding the ILO. Not only will such data systems increase the information available on volunteer labour but they will enhance the role and impact of volunteer labour in comparative settings. Such knowledge will therefore increase the overall impact of not for profit organizations and assist with proper measurements.

Academics have also been working on accounting systems that can accurately capture volunteer labour undertaken in not for profit organizations (eg. Mook, Sousa, Elgie, Quarter, 2005). In the US in 2008, the estimated dollar value of volunteer time was US\$20.25 per hour (Independent Sector, 2009). If not for profit organizations were given the models and financial resources to estimate the value of unpaid labour as part of their regular financial accounting procedures and annual statements, the total value generated by not for profits would be significantly enhanced and their overall contribution more accurately portrayed.

In my view, the Productivity Commission should be addressing these types of policy initiatives that properly imput volunteer labour as part of assessing and measuring the contribution of the not for profit sector in Australia. This study commissioned by the Commonwealth government is an excellent opportunity for the Productivity Commission to find ways to value volunteer labour the same way as paid labour is treated through investigating strategies that incorporate a system of accounts and measurements that can easily be adopted by the not for profit sector, the for profit sector and government alike.

2. Focus of study too narrow.

As the Issues Paper rightly points out, the sector is diverse and complex - it was not called 'a loose and baggy monster' for nothing (Kendall & Knapp, 1995). Yet in the Productivity Commission's attempts to become more 'focussed', it appears that the study is really only going to concentrate on not for profit organizations in the social services sector that are directly involved in the delivery of government funded services (p. 11). While such a focus may be of some benefit to some (especially the government), it will not assist in measuring the impact of the broader not for profit sector and will lessen the validity, usefulness, and impact of the overall Productivity Commission's research study.

Why the focus has to be so narrowly concentrated on social services is puzzling to me. This appears to conform to a stereotypical and uniformed attitude that exists in government and bureaucratic circles that the not for profit sector = social services. Other areas of importance including the environment, sport, education, heritage preservation, and advocacy will be largely omitted from this study as it is currently scoped. The resulting study will therefore not be a study of the not for profit sector, rather it will be a study limited to social welfare not for profits and especially those that have government contracts. The Productivity Commission's report will, therefore, for all intents and purposes, be self-serving, ultimately of little use, and dare I say it a waste of taxpayers money.

If, as stated on page 12 of the Issues Paper, that a 'key rationale for the study is to provide governments with an enhanced understanding of the not for profit sector', then a broader scope should be adopted.

References

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