



## PRODUCTIVITY COMMISSION

### Review of not-for-profit sector

#### *Department of Sport and Recreation submission*

*Tax incentives for NFPs as organisations, and tax rebates for their members and supporters as individuals, will enhance NFPs' ability to carry out and meet their objectives. Tax relief should not be seen as a direct cost to government but as an investment in and by government.*

#### **The role of sport and recreation in the not for profit (NFP) sector**

Sport and recreation has a significant role to play in capacity building for individuals and the community.

An important feature of the NFPs in the sport and recreation industry is its volunteers who are not only numerous but also make a significant contribution to the economy.

The most recent data available shows that over 187,000 Western Australians volunteer for sport or recreation organisations. This represents 36.9 per cent of all volunteers (507,700) and 13.1 per cent of the adult population (1.4 million).

The value of volunteers' contribution to Australian sport and recreation has been conservatively valued at \$1.6 billion annually.

Also of significance is the role played by participation in sport and recreation on major policy areas such as health (including mental health), education, crime prevention and social inclusion.

#### **Observations**

The NFP sector provides ways for people to engage in their communities; to voice their opinions; and to provide services in response to social, economic, environmental and cultural needs. Pressures on NFPs clearly including those in the sport and recreation sector include:

- societal change
- erosion of financial sustainability
- the need to professionalise
- demographic trends affecting patterns of volunteering
- climate change
- natural resource management
- industrial relations changes
- expectations on and of the role sports people play in the community.

which have put pressure on the NFP sector to innovate and grow in new directions.

There is a considerable concern that relying on volunteer members to provide an organisation the necessary skills in governance, planning and management can and will lead to poor performance and possibly disaster.

The complex requirement of legislation and regulation are having an increasingly adverse effect on volunteerism and hence the sustainability of sport and recreation organisations.

NFPs lag in the uptake and use of technology missing out on the efficiencies it can produce.

Many NFPs compete in the commercial marketplace particularly in training areas and service delivery areas without a requirement to meet even basic award conditions for employees and a range of requirements placed on government entities.

### **Suggested actions**

A critical need is the consideration of a 'volunteer support fund' which would provide NFPs that do not otherwise have the capacity to employ paid staff, either access to administrative support at no cost (for example a multi-NFP office or secretariat) or, for larger concerns, funding towards paid administrative assistance, which would relieve volunteers of the onerous tasks of legislative compliance. As the number of volunteers in sport and recreation declines, and young people are not volunteering to the extent that their predecessors did, the alternative may well be a decline in volunteerism as older people drop out unless, of course, we can harness the energies of more of this increasing cohort. "Fast food sport", where participants play and walk away (no club or committee commitments, no coaching or officiating) seems more appealing to younger people.

Other areas which need to be addressed are:

- Workforce and leadership development, for paid and volunteer staff, would increase the skills base and also hopefully retention rates.
- Efficient and innovative approaches to service delivery, for example Closer operational strategic ties between the corporate sector and NFP sector may also offer ways of managing the workload for the NFPs.
- Access, planning and sustainability of facilities essential to the sport and recreation sector.

### **Specific comment on the Issues paper**

The proposed framework (p22) would be enhanced by a reference to leadership development (of particular relevance in the sport and recreation industry) and acquisition of a raft of skills that are transferable to any community setting. Leadership has specific potential in the impact "ability to exert influence" but requires specific mention.

The section on government funded service delivery (p40) prompts comment that the government should invest in the purpose, direction and planned achievements of NFPs, and move away from buying specific services, as far as possible. That is, enter into true partnership arrangements. This approach would provide the NFP with the confidence to grow and develop higher quality services and, in turn, attract higher calibre employees. Also, longer term commitments (three years being a minimum) are essential. There is nothing inherently wrong with recurrent funding but as NFPs deliver

services which are valued by the community and government, and fulfil identified needs, then the NFP should continue to be funded. All subject, of course to performance measures, other relevant checks and balances and practical termination clauses if targets are not achieved.

### **What DSR is already doing**

Some examples of the Department of Sport and Recreation's programs and services to assist the sport and recreation NFP sector include:

- *Organisational Sustainability Program* - underpins the agreements to fund State Sporting Associations (SSA). Each organisation is benchmarked against best practice in governance, management, human resource management, development of the sport/ activity and other specific areas relevant to the organisation. In the past, funding was granted annually. The move to triennial funding has enabled SSAs to enhance their strategic planning due to a reduced level of reporting and fewer applications for funding.
- *Inclusive programs* - a wide range of participation initiatives target low participation groups, including seniors, women, people with disabilities, people from Indigenous communities, Culturally and Linguistically Diverse (CaLD) backgrounds and young people.
- *Indigenous Sport Program* – Indigenous Sport Development Officers promote and support participation across the state. Specifically an Indigenous Sport and Recreation Plan for the selected communities of the Wunan and Kullarri areas in the Kimberley and the Western Desert area in the Pilbara and Goldfields caters for the future needs for programs and facilities.
- An audit of *information and communications technology* utilisation by peak sporting bodies has recently been conducted and the department is currently looking at an implementation plan to address the findings and recommendations.

### **Suggested changes for supporting NFPs**

- Legislation and regulation – reduce red tape and the burden of compliance.
- Reporting mechanisms, processes and compliance vary greatly across government agencies for NFPs. Some standardisation should be considered to eliminate duplication the reporting procedures of NFPs.
- Reduce the intrusive nature of funding activities by government into buying cooperation from NFP in relation to contentious policy issues.
- Tax incentives for NFPs as organisations, and tax rebates for their members and supporters as individuals, will enhance NFPs' ability to carry out and meet their objectives. Tax relief should not be seen as a direct cost to government but as an investment in and by government.
- Partnerships between NFPs should be encouraged by the funding agencies so as to expand the value and impact of each program dollar.