



Contribution of the Not for Profit Sector
Productivity Commission
GPO Box 1428
Canberra City ACT
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Australian Meals on Wheels

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Dear Sir / Madam,

The Australian Meals on Wheels Association (AMOWA) makes the following comments in response to the Productivity Commission research study on the contribution of Australia's not for profit sector (NPS).

1. It is most encouraging that the Productivity Commission has been asked to conduct a research study on the contribution of the not for profit sector as it provides an opportunity for the sector to be better understood for improved policy development which can only be good for both the sector and the nation.
2. The Australian Meals on Wheels Association (AMOWA) represents State and Territory Meals on Wheels' organisations that embrace 750 local services; 80,000 volunteers; 50,000 clients and hundreds of paid staff. Our clients are mainly house-bound frail aged and their carers who cannot cook or shop for themselves and require delivered meals and personal contact to live at home.
3. Across Australia, Meals on Wheels relies very heavily on volunteers and could not carry out its function at current service levels without volunteers.
4. AMOWA is speaking primarily for the volunteer element of the not for profit sector. It also recognises the important role of paid staff in working with and supporting volunteers in their work.
5. The purpose of Meals on Wheels is to provide nutritious meals and personal contact to clients to help them live at home in their community.
6. This purpose is aligned with and supports Government policy to enable older people to live at home as long as possible.
7. Federal and State Governments through the Home and Community Care program (HACC) provide some 20%-30% of funding for Meals on Wheels' Services depending on the State or Territory which equates to about \$30 million nationally. The balance comes mainly from meal sales to clients with additional income from investments and donations. Each State and Territory Government administers the HACC program in its own way. HACC Service Agreements also prescribe service standards, outputs, data collection, continuous improvement and other related requirements in order to secure funding.
8. The economic value of Meals on Wheels to the nation is over \$300 million each year - that is what it would cost government to staff an operation that provided similar levels of service. This includes an estimated 8 million voluntary hours per annum provided by volunteers.

This does not take into account the economic benefits that preventative care also affords – reduced hospital and aged care admissions and the like.

It is also important to note that the value of direct voluntary hours is a crude measure of economic performance. Meals on Wheels in South Australia for example has 10,000 volunteers, 5,000 clients and 30 paid staff. If the organisation were a government agency or independent division of a business, the organisational infrastructure involved in running a service delivery operation equivalent to even 500 full time employees would incur significantly greater costs than is provided through current levels of funding – refer attachment of costs of residential aged care and hospital care.

9. By any economic measure, Meals on Wheels is both effective and efficient.
10. Thus, Government receives an enormous return: 1,000% ROI on the funding it makes to Meals on Wheels.
11. By way of commercial analogy, Government, as a minority shareholder, achieves significant and disproportionate control of operations relative to other shareholders and key stakeholders such as volunteers who underpin and carry out the provision of the service.
12. To take another analogy - that of a marriage partnership, Government partners with not for profit organisations and seeks significant control over them, often asks more of them or makes them comply as part of the partnership but is not always receptive to changing itself or fully recognising the needs and issues of the not for profit organisation as its true partner.
13. Meals on Wheels provides significant economic benefit to Australia but of far greater worth is the intrinsic value that volunteering brings, as a defining aspect of our national character, in strengthening and sustaining local communities everywhere.
14. Therefore, Government should consider the impact of any proposed legislative and regulatory changes on the volunteer sector to ensure the cost benefit analysis takes into account the volunteer element of service provision and the real cost involved in training, monitoring or employing paid staff to ensure compliance can be achieved.
15. Over the last several years in the non profit sector, there has been an increased focus around risk management and improved governance. This, combined and associated with the increasing professionalisation and corporatisation of the volunteer sector has resulted in a significant increase in fixed costs (especially around the cost of compliance) that organisations must absorb. This is becoming increasingly difficult in the absence of corresponding growth in revenue or funding. As most volunteer organisations are purpose or need driven there is not a rationale to 'grow' but rather to meet a need.

Hence, in the absence of greater funding (through the community or Government) or price increases to the consumer who has the need being addressed (and who is often under some disadvantage which necessitates a volunteer response from a concerned fellow citizen in the first place), the long term outlook based on a market model is that there might be consolidation and rationalisation within the sector through partnerships, joint ventures, takeovers and attrition.

The key point to make however is that volunteer style organisations meeting specific needs don't always lend themselves to commercial economic behaviour because there is no share price to be reflected in 'value creation' and 'profit maximisation' and often no real synergistic efficiencies between organisations meeting vastly different needs in the community.

The various taxation concessions available to the volunteer sector in terms of service delivery into the community sector are therefore vital to its sustainable operations i.e. PBI, DGR

16. Hence a paradox of the sector is that its local volunteer strength which may have some perceived inefficiency attached to it may well be more effective and less expensive than any alternative. Further, the risk of not having the volunteer activity in a form that is compliant with Government expectations may pose a greater societal risk than having in a way that is acceptable to the broader community. In that regard legislative progress should be cautious and closely involve the sector so it can build capacity at every step before being propelled to the next level of managerial or bureaucratic aspiration.

17. Three key planks for the future sustainability of the sector are around:

(i) appropriate learning opportunities, personal development and skill specific training for volunteers and paid support staff alike, with an emphasis on 'appropriate' to the environment and task.

(ii) progressing a research and development agenda relevant to service provision in the sector and organisational capability to deliver services sustainably. Collaborative projects with Universities are key to this but again require both financial and human resources to be dedicated to such initiatives and often dedicated funding support from government e.g. ARC Linkage Projects.

For example, in regard to volunteer training, the training requirements to meet the customer (swimmer) needs for a seventeen year old girl participating in surf life saving are very different to that of an experienced seventy year old man who is volunteering to deliver meals to frail aged clients for Meals on Wheels.

(iii) holding our culture of litigation (for which we are individually and collectively responsible) in check through good legislation and appropriate protections e.g. volunteer protection legislation in SA.

18. Government is responsible for creating the right environment for volunteering to flourish (e.g. volunteer protection legislation, Department for Volunteers, appropriate taxation frameworks and third sector initiatives).

19. The Volunteer sector is responsible for meeting needs in the community for which it exists and providing the volunteer experience which connects and resonates with people and enables the organisation to fulfil its purpose in.

20. An example of efficiency and effectiveness can be drawn from the UK. At our national conference in Adelaide 2007, we heard from the then CEO of WRVS (Women's Royal Volunteer Service) regarding their operation as it pertained to the provision of Meals on Wheels.

Local Authorities (Councils who were responsible for the service) tendered their Meals on Wheels' work and commercial providers offered a more competitive meal price with greater variety using frozen meals but with more meals per delivery and weekly deliveries rather than daily deliveries and won business from traditional community based volunteer style operations.

However, the tenders by Local Authorities did not include the personal contact time and follow up which was a key part of the local community services. As a result, the Local Authorities incurred higher total community care costs to cover client contact and follow up and their overall costs did not change and in some cases increased.

The key point of this story (and the details varied across the great many Local Authorities) is that efficiency and effectiveness must measure the total product and service offering – in this case the meal, the daily visit and follow up and local care by citizens building community through volunteering.

21. Another example relates to some Hon Treasurers of local Meals on Wheels' Services who 'do the books' manually rather than using the computer programs available through the organisational structures. The task takes longer manually and is clearly less efficient than the on-line integrated spreadsheet available. But the result is just as effective. Further, by maintaining this mechanism and retaining the volunteer an opportunity presents itself to train the Treasurer (if so motivated) to learn and use the computer program and in so doing develop skills that may assist in communicating by email with children and grandchildren. None of this is measured but all of it is understood by local citizens working at Meals on Wheels and the real value it brings in making communities strong and healthy.
22. Thus in terms of Government policy, one size does not fit all and whilst Government itself can operate its systems essentially as a monopoly, non profits fill the multiplicity of gaps that enable citizens to engage more fully in their community in a diversity of ways and this is a key point that needs to be at the forefront of policy development that directly involves the volunteer sector.
23. AMOWA recognises the need for continuous improvement in the not for profit sector to ensure service delivery meets changing client needs. We seek to work with Government in a collaborative and consultative manner "so we can keep the baby as well as change the bath water".

Information about Meals on Wheels

24. Meals on Wheels is part of the not for profit Sector and also part of the Community Care and Primary Health Care Sector (including nutrition) as well as part of the Formal Volunteer Sector. That is, it overlaps several sectors but does not fit neatly or exclusively into just one.
25. Meals on Wheels has a clear purpose and is part of the broader community and volunteer sectors in which it works. It is independent and accountable to the community it seeks to serve. It is supported by all tiers of Government in the tasks that it fulfils.

Meals on Wheels believes in transparency of process and transaction so that all stakeholders are clear about our purpose, our values, our governance, our work and our finances.
26. Meals on Wheels' volunteers and perhaps volunteering in general is about doing a job or task or activity and then 'going home' – it is about beliefs and values being expressed through actions and most often at a local level. Part of our organisational aim is to create an environment that fosters and facilitates this process to make it easy, straightforward and uncomplicated for people to volunteer and make a meaningful and worthwhile contribution to their local community.
27. By any definition Meals on Wheels is both effective and efficient. But it is not as much about efficiency as it is about community. Meals on Wheels is more than just an arm of Community Care. Meals on Wheels is also about a community that cares. At Meals on Wheels it is as much about what we do - delivered meals, personal client contact and follow up, as it is about the way we do it - as part of our local communities: providing the glue and connections that make them strong. Meals on Wheels is not just a meal service it is also a service that by its very volunteer nature builds and sustains communities.
28. Meals on Wheels is part of the formal Community Care sector which is part of a continuum of care through the hospital, health, ageing, community and disability sectors.

Comments about the Not for Profit sector

29. The not for profit sector is diverse, diffuse and disparate and has at its foundations the expression of citizenship in its broadest sense. It is a mission based sector and the value

creation in both financial and human terms goes to furthering that mission or goal for each respective organisation.

30. Because the sector has at its foundations the expression of engaged citizenship, the not for profit has an independence that is both its strength in identifying and responding to needs and issues and its weakness in that becoming organised and part of something greater than the mission at hand is seen as unproductive.
31. Critical to policy development for the not for profit is that the diverse membership of the sector collectively feels fully and appropriately represented, acknowledged and heard. Further, policy needs to be struck at a high enough level to both embrace the values and aspirations that the Sector has in common as well as absorb (whilst still recognising) the differences that exist within the Sector given its huge diversity – arts, sport, community, environment etc.; workers – volunteers and employees; location - urban / regional / remote; origin - indigenous / CALD / mainstream; gender; age etc. The sector is as diverse as the Nation. The sector helps make the Nation.
32. A practical step is for policy and legislative development at a Federal level to formally take into account the not for profit sector as a Sector and assess the impact on the Sector in such policy and legislative development and seek out ways to ensure better consultation with the Sector. This is particularly so in regard to Volunteering and 'volunteer impact statements' might be one way to fully identify the impact of various legislative initiatives where volunteers play a vital role in the particular not for profit activity. Developing appropriate consultative processes are vital in policy development and this type of initiative may assist in this.
33. Further, the ongoing actions from Government should be written into the KPI's (key performance indicators) for relevant Departmental Heads to ensure action and follow up are tied to individual job performance and hence an accountability mechanism is formalised and put in place.
34. The Sector itself through key organisations and peak bodies could formally register on a designated Government website and identify their operational dimensions, constituents, areas of work, engagement or activity to create a mechanism to at least assist in formalising linkages and connections for feedback to take place with Government and relevant information to better flow to the Sector.
35. However, seeing real action is of course the test of any review process. This would also help to identify those 'macro' issues common to all, that when appropriately addressed or influenced would create greatest benefit and impact. This would go some way to address the issue of 'being valued and being heard' that is important to the Sector and often seen as missing.

Yours sincerely,



Leon Holmes
President Australian Meals on Wheels Association

**Productivity Commission
SUBMISSION COVER SHEET
(not for publication)
Contribution of the Not for Profit Sector**

Please complete and submit this form with your submission to:

Contribution of the Not for Profit Sector
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