

Hunter Wetlands Centre Australia



A Haven for Wildlife and People

Hunter Wetlands Centre Australia

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

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1. Introduction and Background

1.1 The Contribution of the Hunter Wetlands Centre Australia as a Not-for-Profit Sector Organisation

Hunter Wetlands Centre Australia (HWCA) is a not-for-profit organisation whose charter includes the following objectives:

- Wetlands Conservation and Management promoting and demonstrating sustainable conservation and management of wetlands through community participation
- Education- Increasing and sharing our knowledge and understanding of wetlands and promoting the Ramsar Convention
- Tourism and recreation-Providing services and facilities to create a high quality and enjoyable experience for visitors that showcase wetland values
- Governance- Meeting business requirements using ethical practice, achieving financial stability, and fostering community involvement (HWCA Annual Report 2008)

HWCA contributes to the Hunter community in three primary ways:

- Through the rehabilitation and conservation of 45 Hectares of local wetlands;
- Through the provision of a nature-tourism destination; and
- Through providing and facilitating a social community brought together through their passion for conservation

In the past nine years the Hunter Wetlands Centre has moved progressively from being placed on the endangered species list to becoming a thriving, successful community business model for conservation, education and ecotourism. The HWCA experienced a record visitation rate of 96, 000 people in 2008, amounting to a 450% increase in five years (HWCA Annual Report 2008). HWCA believes that the organisation plays a leadership role among conservation education-related not-for-profits in Australia, and thus are an appropriate organisation to make useful comment on the contribution of the not-for-profit sector in the current study.

1.2 Hunter Wetlands Centre Australia's participation in the study

HWCA appreciates the Productivity Commission's review of the roles and the contributions of the not-for-profit sector. Whilst there are many things that the HWCA could comment on in this enquiry, HWCA has chosen to focus on the points of reference that they believe are the most extenuating and relevant in re-evaluating the contributions made by the not-for-profit sector;

- *Assess the extent to which the not-for-profit sector's contributions to Australian society are currently measured, the utility of such measurements and the possible uses of such measurements in helping shape government policy and programs*
- *Consider alternatives for, or improvements in, such measurements, or further quantitative and/or qualitative means of capturing the not-for-profit sector's full contribution to society.*
- *Identify unnecessary burdens or impediments to the efficient and effective operation of community organisations generally, including unnecessary or ineffective regulatory requirements and governance arrangements, while having regard to the need to maintain transparency and accountability.*

2. Points of Reference 1 & 2;

Assess the extent to which the not-for-profit sector's contributions to Australian society are currently measured, the utility of such measurements and the possible uses of such measurements in helping shape government policy and programs

And

Consider alternatives for, or improvements in, such measurements, or further quantitative and/or qualitative means of capturing the not-for-profit sector's full contribution to society.

2.1 Volunteers

The role of volunteers has been recognised in Australia in many ways following the significant role of volunteers during the 2000 Sydney Olympics. Most not-for profits are highly dependent on volunteers and the benefits of this situation flow both ways. The capacity of the not-for profit sector

to attract and engage volunteers in activities that contribute to society are well known. However the accepted mechanisms for measuring the value of volunteer hours are simplistic and have remained unchanged for many years. HWCA believes that the current measurement system no longer accurately reflects the contribution of volunteers as the livelihood of the not-for-profit sector. This is a critical concern for-not-for profits as the use of volunteer hours as “In Kind” contributions not only account for the day to day running of not-for-profits but are also instrumental in applying for funds to support project work.

2.2 Volunteers at Hunter Wetlands Centre Australia

There are four tiers of volunteers that allow the HWCA to function;

- The Board of Directors, which is in charge of governance of the wetlands and the organisation;
- administration, involving the running of the office and membership services, which requires skilled workers;
- the maintenance and conservation of the site which requires regular labour teams and a high level of commitment, and;
- visitors services, involving guiding and library services

As the CEO of HWCA, Ken Conway has noted, “volunteers are as critical to these wetlands as the wetlands are to our environment.” In 2008, the HWCA clocked 37, 729 volunteer hours, which using the equivalent economic calculator of \$15/hr equates to over \$1 million in wages. HWCA chairperson Chris Prietto stated in relation to the million plus figure “There is no way that HWCA could have afforded to pay for the work achieved through these volunteer hours.”

2.3 The Measurement of Volunteers

The role played by volunteers was a notable omission from the Productivity Commission’s terms of reference for this research study. Whilst volunteers were mentioned briefly in the Issues Paper (pp. 25-26 in relation to the ‘access of human resources’), it can be effectively argued that given the vital role they play in the running of not-for-profit organisations such as HWCA, more attention needs to be paid in assessing and measuring the role and contributions of volunteers in the not-for-profit sector. The HWCA feels that this is an unfortunate oversight. Associate professor Melanie Oppenheimer re-enforces this in her submission stating that, “The Productivity Commission’s study

is the perfect opportunity to provide a detailed empirical analysis of volunteering as well as [an opportunity to] effectively count, measure and assess this invaluable ‘human resource’.”

A 2004 study conducted by Salamon and Sokolowski found that globally (and in Australia) volunteers accounted for 45% of the labour force of not-for-profit organisations. Despite the fact that volunteers are major contributors to the social, civic, economic, and environmental outcomes and capital of not-for-profit organisations, such as the HWCA, their role and significance appears to have been largely overlooked or misinterpreted in the formulation of Government policy and economic statistics in the past.

The Productivity Commission’s study into the measurement of the contribution of the not-for-profit sector is an effective vehicle through which practices could be developed and implemented to effectively measure the unpaid labour used by not-for-profit organisations.

One of the major reasons for the need to re-assess the way in which volunteer contributions are currently measured, is the \$15/hr equivalent economic calculator that is applied to volunteer hours (Volunteer Life, 2009). For example since its establishment in 1985 the HWCA has clocked 314, 416 volunteer hours. However despite the fact that there are four different levels of volunteers that have different roles, functions and varying levels of skill involved in the running and functioning of the Wetlands Centre, all are clocked pursuant to the same \$15/hr economic equivalent. This current measurement system does not effectively reflect the role of the volunteers and to some extent undervalues the quality and standard of their contributions. This is especially true in relation to the volunteers that bring significant skill and experience with them, such as members of the Board of Directors and Librarians. Indeed, all volunteers contribute to both the intellectual capital and infrastructure of the site by accumulating knowledge about wetlands, maintaining infrastructure such as bridges and viewing platforms, and maintaining the property in a way that maintains biodiversity .

The International Labour Organisation and Johns Hopkins Centre for Civil Society Studies have suggested that labour force surveys are an effective way for measuring volunteer work. In working towards assessing the contribution of volunteers in the not-for-profit sector they have recommended labour force surveys that measure paid and unpaid labour work, as well as the use of existing occupation classifications to determine the financial value that should be attached to volunteer work through a “replacement cost approach.”

(ILO, 2008a & b).

These sort of practices have also been identified by academics such as Mook, Sousa, Elgie and Quarter (2005), who have also established that there is a need for the implementation of practices that more accurately measure volunteer work undertaken in the not-for-profit sector.

The HWCA is of the belief that if more effective and specific methods and models were available to measure the true value of their volunteer work, the total value generated by not-for-profit organisations such as HWCA would be significantly higher than that which the current \$15/hr measurement system reflects, and thus their overall contribution would be more precisely portrayed, recognised and valued.

2.4 Recommendation 1

The HWCA recommends that the Productivity Commission use the opportunity of this review of the contribution of the not-for-profit sector, to investigate measurement systems used elsewhere to attach a value to the work of volunteers, especially those models that more accurately reflect the diverse roles of volunteers in not-for-profit organisations..

3. Point of Reference 3:

Identify unnecessary burdens or impediments to the efficient and effective operation of community organisations generally, including unnecessary or ineffective regulatory requirements and governance arrangements, while having regard to the need to maintain transparency and accountability.

3.1 The Impediments Caused by Funding Schedules

The primary impediments to the efficient and effective operation of not-for-profit organisations is the challenge of attracting untied funds for administration and the structure of the annual funding schedules that are most commonly available to not-for-profit organisations.

3.2 The Financing of Hunter Wetlands Centre Australia

HWCA raises its own funds and has a number of income streams to raise revenue for its operations. These include membership fees, entry fees for all visitors, venue hire, events, a Sponsorship

Program, a Gift Shop and lease arrangements with NSW DECC (National Parks and Wildlife service), NSW DET and Café Nourish . Not-for-profits often obtain grants from Government bodies or large corporations, such as the 2008 NRMA Community Help Grant for Environment Climate Change, which provided funding to review and correct the energy consumption of the wetlands centre.

Whilst grants provide effective funding for specific developments or initiatives, because the funding has to be used in a way that is specifically customised to a particular use, some grants can actually incur further expenses for not-for-profit organisations. For example in 2008 HWCA received \$ 363, 363 in grants for specific initiatives, however in carrying out the 2008 initiatives attached to the grants, the HWCA actually incurred expenses of \$ 402, 750, exceeding that of the initial grants.

The most difficult area of operations to attract funding for is overall administration costs. HWCA has several sponsors such as The Hunter Water Corporation, BHP Billiton and Hunter Private Hospital. For the most part, Sponsor's provide funds that go towards the everyday administration of the business. But these sponsorships have to be reconfirmed each year which is a time-consuming procedure.

No organisation can remain static. The key to maintaining the interest of a supporting community is to continually move forward and make necessary changes and improvements. However according to HWCA's chairperson Christine Prietto, it is the obtaining of funding for this necessary expansion and development that proves the most problematic.

The Australian Government provides operation funds for not-for profits working in a number of fields but this scheme is very competitive and only has an annual delivery framework, which discourages long-term planning.

3.3 Recommendation 2

The HWCA proposes that consideration be given to expanding the timeframe of government funding schemes provided to not-for-profits so that they can be applied for and used over a longer time period. The HWCA perceives a three year funding schedule as preferable. This would allow not-for-profit organisations to more effectively plan and schedule for expansion and development.

4. Conclusion

Whilst HWCA feels that the important area of volunteer contributions was largely overlooked in the current study, it appreciates the Governments recognition that the contribution of the not-for-profit sector was an area very much in need of review. HWCA hopes that their suggestions and comments will be useful and that their recommendations will be taken into consideration in the event of new policy development in the area.

5. Sources

Reports and Journals

Hunter Wetlands Centre Australia Annual Report 2008, Hunter Wetlands Centre Australia

International Labour Organisation (ILO), *General Report*, 18th International Conference of Labour Statistics, Geneva, 24 November-5 December 2008.

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Mook, Laurie, Jorge Sousa, Susan Elgie, Jack Quarter, 'Accounting for the Value of Volunteer Contributions', *Nonprofit Management and Leadership*, vol. 15, no. 4, summer 2005, pp. 401-415.

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Interviews

Christine Prietto, Chairperson of Hunter Wetlands Centre Australia and Principal of Wetlands Environmental Education Centre on 28 April 2009, May 6 2009, May 17 2009

Websites

Hunter Wetlands Centre Australia Website; <http://www.wetlands.org.au/> accessed 25 April 2009 and 12 May 2009

The Centre for Volunteering, *Australian volunteers' time worth \$12.5 billion annually*; <http://www.volunteering.com.au/> accessed 6 May 2009

Contribution of the Not for Profit Sector

Commissioned study

On 17 March 2009, the Productivity Commission received a terms of reference from the Government asking it to undertake a commissioned study on the contributions of the not for profit sector.

The study's focus is on:

- improving the measurement of the sector's contributions
- removing obstacles to maximising its contributions to society.

In undertaking the study, the Commission is to:

- assess current and alternative measures of the contribution of the not for profit sector and how these can be used to better shape government policy and programs so as to optimise the sectors contribution to society
- identify unnecessary impediments to the efficient and effective operation of not for profit organisations and measures to enhance their operation
- consider ways in which the delivery and outcomes from government funded services by not for profit organisations could be improved
- examine recent changes in the relationships between government, business and community organisations and whether there is scope to enhance these relationships so as to improve outcomes delivered by the not for profit sector
- examine the impact of the taxation system on the ability of not for profit organisations to raise funds and the extent to which the tax treatment of the sector affects competitive neutrality.

The Commission has been asked to adopt a broad definition of the not for profit sector to encompass most types of not for profit organisations, including Australian based international aid and development agencies.

It is also to have regard to the findings of the Government's Taxation Review headed by Dr Ken Henry and the Inquiry into the Definition of Charities and Related Organisations (2001).

Retrieved from: <http://www.pc.gov.au/projects/study/not-for-profit>

Contribution of the Not for Profit Sector

Commissioned study - Terms of reference

Background

The Australian Government is committed to an active policy of social inclusion oriented to ensuring the economic and social participation of all Australians irrespective of their circumstances. Community (not-for-profit) organisations play an important role in combating social exclusion and enhancing the economic, social, cultural and environmental well-being of society.

The Government is committed to finding the best solutions to problems of social exclusion by ensuring the not-for-profit, private and government sectors work together effectively, and by using evidence-based programs and policies. In this context, measurement of the contributions of community organisations, and identification of ways to enhance those contributions, are important.

Further, the Government acknowledges the changing relationships between government, business and community organisations, and wants to explore their impacts and future opportunities for optimising such relationships to further the well-being of society.

The not-for-profit sector has evolved considerably since past examinations, including the Report of the former Industry Commission in 1995 on *Charitable Organisations in Australia* and the Australian Bureau of Statistics' work in 2002 within the national accounting framework, *Non-Profit Institutions Satellite Account*.

Scope of study

The Productivity Commission is requested to undertake a research study on the contributions of the not-for-profit sector with a focus on improving the measurement of its contributions and on removing obstacles to maximising its contributions to society. In undertaking the study, the Commission is to:

- assess the extent to which the not-for-profit sector's contributions to Australian society are currently measured, the utility of such measurements and the possible uses of such measurements in helping shape government policy and programs
- consider alternatives for, or improvements in, such measurements, or further quantitative and/or qualitative means of capturing the not-for-profit sector's full contribution to society
- identify unnecessary burdens or impediments to the efficient and effective operation of community organisations generally, including unnecessary or ineffective regulatory requirements and governance arrangements, while having regard to the need to maintain transparency and accountability
- consider options for improving the efficient and effective delivery of government-funded services by community organisations, including improved funding, contractual and reporting arrangements with government, while having regard to the need for transparency and accountability

- examine the changing nature of relationships between government, business and community organisations in recent times, their general impacts, and opportunities to enhance such relationships to optimise outcomes by the sector and its contribution to society
- examine the extent to which tax deductibility influences both decisions to donate and the overall pool of philanthropic funds
- examine the extent to which tax exemptions accessed by the commercial operations of not-for-profit organisations may affect the competitive neutrality of the market.

In conducting the study, the Commission is to:

- adopt in its considerations a broad definition of the not-for-profit sector to encompass most categories of not-for-profit organisations, including Australian-based international aid and development agencies
- seek public submissions and consult widely with State and Territory governments, government agencies, the community sector, business, and other interested parties
- have regard to the Government's Taxation Review headed by Dr Ken Henry and the Inquiry into the Definition of Charities and other organisations commissioned in 2002, but, other than as explicitly required by these terms of reference, not to examine in detail matters covered by those reviews
- have regard to any other relevant current or recent measurements and reviews conducted in Australia and internationally.

The Commission is to produce and publish a draft report and final report by the end of 2009.

Chris Bowen
Assistant Treasurer

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Retrieved From: <http://www.pc.gov.au/projects/study/not-for-profit/terms-of-reference>