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**Women's Electoral Lobby Australia Inc.**

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**Submission in response to Productivity Commission  
Draft Research Report on  
*Contribution of the Not-for-Profit Sector***

**A response prepared by Eva Cox AO**

**Chair WEL Australia**

**Taking into account the work of advocacy groups such as  
Womenspeak**

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The Commission has produced a report which, like the proposed Compact between government and the not-for-profit sector, sees the main measurable function of this sector as the services it provides for members, the community and, increasingly, on behalf of governments. While recognising the importance of these functions, there are serious concerns in the virtual omission of the role of many sector groups mainly involved in social change, advocacy and political influence.

There are many organisations, including many women's groups, who see their roles primarily in the above areas. They see their responsibility as representing the views and needs of particular groups that may otherwise not have an appropriate say in the decisions that are made, or in the respect and recognition they are entitled to within the community. Such organisations have often been the vanguard of changes by developing and lobbying for changes that make political and social systems more responsive than they would otherwise be.

The history of Australia has been built on the complex involvements of factions, fractions and interest groups that pushed for various reforms and changes, some we still celebrate and some that we may now reject. Groups who have been excluded from the major sites of power and influence have pushed for most of the social reforms for many 'interest' groups and areas. These groups have raised questions of justice, fairness, equality, rights on the basis of race, gender and work status, health, abilities and locations over time and made Australia fairer for those outside the mainstream.

Yet there is little acknowledgement in the report of these groups. The mentions are brief and tend to falter because influence is not easily measured by the usual economically accepted indicators. So the report focuses on the major service delivery organisations and some others who have countable numbers of volunteers. This is therefore a very conservative report which will no doubt be useful to the now often corporatised sector that delivers services, often on behalf of governments. It is therefore mainly interested in standardising reporting, legislation and other factors that often impede services delivering efficiently, but that is about its limits.

We do not undervalue the need for such changes for their more efficient operations, but are we are concerned that, together with the proposal for the Compact, there is limited recognition of the need for public acknowledgement, and maybe support, for the advocacy, influence and representative roles that many community organisations pursue. While these different roles have long been recognised, we questions whether processes of tidying up and centralising the administration of the not for profits, under the new system, could see the more marginal groups disadvantaged.

Claus Offe, in the 1990s, defined the necessary components of a good society as a balance between the state, the market and the community. Each should be independent enough to act as critic of the other two. The Community/NFP sector, which he bases on passions, is crucial to holding the government and market to account, and ensuring that they act legally and fairly to all. There are dangers he identified in any too close a collaboration between sectors as critical roles are diminished, if their independence is reduced to interdependence. The results can be an undermining of democratic balance of interests.

The important issue for those of us concerned with making a good society, or at least a better one, has to be the maintenance of independent voices for advocacy and

influencing policy: holding markets to account and ensuring justice for all. This PC report does not effectively address the value and protection of these roles because they claim they are not measurable. Yet this omission seems to conflict with the Government's commitments to improving outcomes of identifiable social indicators, such as closing the gap or reducing social exclusion which are measurable.

The growth of government funding for the not for profit sector and the increases in contracting out processes are detailed in an appendix to the Commission's report. There, they raise questions on whether such changes which involve NGOs often as sub contractors for government services, undermine their independence, perceived and actual. However, the recommendations do not address this question.

The present standards of policy debate suggest that there are many players missing or being generally supportive of government directions. Certainly, the relative absence of alternative policy viewpoints and vigorous debate suggests that current policy has undermined much of the sector's presumed independence. Providing further constraints in the interests of funding accountability may further undermine the accountability that agencies may owe to their constituents or the wider society.

Our question, therefore, is whether there is merit in proposals for increasing the centralised control over this very diverse sector which includes a range of values and interests. The arguments for simplification of funding, reporting and accountability is obviously attractive to many of the bigger funded agencies, in particular, but we need to be careful that this type of change will not act as a form of control over those agencies that are engaged in what may be seen as political change/advocacy.

Most of the less mainstream, smaller and more advocacy oriented organisations in the women's sector are not deeply involved in service delivery, nor do many of our organisations receive ongoing funding for delivering programs. In this sense, we are more often, as Womenspeak members, involved as advocates and change agents. This may mean there are some differences in our views of our relationships to government than other parts of the sector who have ongoing multiple and complex funding relationships.

### **Diversity of groups within the sector**

The wider sector is diverse and by no means even united on some basic ideas about human rights and women's rights eg some of the fathers' groups that unduly influenced the last government's family law changes. While we may respect the rights of others to hold different views, seeing this as a united sector can be problematic. The power of groups that attract particular attention from the media or can afford expensive spinners is another problem to the sector. The often inbuilt prejudices of current policies may well be something many of us would challenge whilst others support.

### **Diversity of views and ideologies**

Some of the tensions in Aboriginal debates, such as on the NTER, illustrate the problems that come from being seen by government as a unified sector. Varied views are ignored because there are assumptions that all Indigenous voices should agree which ignores the differences that exist in all communities or identified groupings. When we disagree that is often used by government to listen to neither party or pick the one closest to what they want to hear. So we need to be wary of either legislation or a

Compact that is built on the assumptions that this is a sector that has enough unity to be fitted into some forms of control through legislation.

### **Government funding**

This raises questions of whether the government has the courage to set up some way of protecting possibly divergent and dissident voices. The loss of tax deductibility by Aid Watch shows up the narrowness of definitions for DGR status and this is an area where some change would be useful which acknowledged the benefits of working on behalf of relatively or absolutely excluded people who merit attention.

There are obvious questions about the freedom of any groups which take government money to be able to criticise the hand that feeds them. While there are strong arguments for the protection of the right to speak out in contracts, this does not stop them second guessing the possibility of being penalised and moderating their behaviour accordingly. The more dependent they are on government contracts, the more vulnerable they feel to potential loss of good will.

This issue is partially acknowledged in the Productivity Commission Report in Appendix C, which shows the rising proportion of government funding in the community services sector:

*However, as table C.11 shows, there are wide variations in income sources across the sector. ACOSS conducts an annual survey of NFPs involved in the provision of community services. It suggests that more than two-thirds of income of those organisations responding to the survey was received from government (table C.1).*

.However we believe this issue is not sufficiently acknowledged and therefore the recommendations need to better reflect the impact of this issue on the sector's autonomy

The Productivity Commission Report records how the tight forms of contract and other specified outputs also set up problems, as even relatively small contracts may be overly prescriptive. This approach is illogical as it undermines the widely used justification by governments that the tender out process is designed to use the expertise of the NFP, without giving these the opportunity to incorporate their knowledge. This is recognised in the PC report as shown below:

*The shift to competitive tendering and contracting for procuring government funded services has brought more transparency and in many cases enhanced efficiency, in the delivery of services. Yet it has also increasingly demanded on greater prescription of how agencies are to function and deliver services. While the aim was to drive improvements in service delivery, NFPs report being swamped by contractual regulation, a multiplicity of reporting requirements, micro management, restrictions on other activities and significantly greater compliance burdens. While Australian governments saw it as a shift to a 'choice and competition' model of service delivery, some in the sector claim that the current arrangements are closer to a 'command and control' model. The results appear to be restrictions on innovation, reduced trust between parties and unnecessary tensions.*

The above statement is limited but suggests the need further discussion of the current funding models and their impacts. There needs to be exploration of models of funding

that give agencies the capacity to use their capacities and serve their constituencies needs. This could include an older model that worked: core funding for organisations, rather than funding only for projects and maybe that is what advocacy groups need.

We are also often seen only as legitimate if we represent member views, not research findings or social analysis. We need funding for more thinking through and the development of new agendas by groups. Many current policies are not working for women - wages are going backwards compared to men, there are serious flaws in the parental leave proposals and we fall further behind badly in retirement income because of bad tax policies. We still have welfare to work for sole parents .... and lots more problems.

The report, like the Compact proposed, does not sufficiently recognise power differences in the not for profit sector. There are many big groups with large bureaucratic, corporatised functions that are seen by government as like them and easier to deal with. The Report recommendations are summed up with the following statement but we have doubts about its conclusions:

*For many smaller community based agencies, these reforms will have little effect other than to give greater recognition to their role. But for service delivery NFPs, especially larger multi-jurisdictional agencies, the impacts and commensurate benefits should be considerable.*

We need to be convinced that such measures will not impose some forms of extra control over those groups seen as dissident or difficult. Setting up uniform regulations and controls may make difficulties for the many groups that are mainly informally run.

#### **Recommendation one**

**The question for the Productivity Commission must be: will they examine and report on whether their proposals will protect the smaller less financially resourced, but socially useful groups, and importantly that the smaller voices are heard and seen as legitimate?**

We note the PC Report states the problem of invisibility of the unmeasured:

*Measurement matters where it feeds into decisions that can improve the allocation of resources, stimulate efficiency and effectiveness, monitor the effects of policy changes and aid in maintaining the trust and support of the general public. Much of the sector does not want nor need to be measured, beyond getting better recognition of their role and value to society....*

*There is considerable scope for measurement to assist the sector and its supporters in improving understanding of the effectiveness of NFP activities in achieving their objectives and the contribution these outcomes make to community wellbeing. Such measurement is challenging but important to improving the efficiency and effectiveness of NFPs and their ability to attract support from government, donors (philanthropists) and volunteers.*

#### **Recommendation two**

**We therefore ask that the Productivity Commission recommend that the ABS and maybe the AIHW be funded to work with smaller, advocacy based NGOs to**

**explore more qualitative measures of output and outcomes for advocacy groups. The quote below shows these differences are recognised but the report does not address these questions in its recommendations.**

*Measures of inputs, and even the service delivery outputs, fail to adequately capture the contribution of the sector. Outputs in the areas of connections, influence and community endowments also contribute to the impact of the sector on community well being. While these outputs and their associated outcomes are much more difficult to measure, it is important that they are recognised, and their impacts, (mainly positive, but occasionally negative), understood. Indeed, it is these social capital outcomes that underpin the operating environment of the economy and society.*

*NFPs operate in a number of, mainly service, market sectors such as sports and education, as well as in social or community 'non-market' areas such as civil rights and religion (table 1).*

### **Recommendation three**

**To conclude we quote the major recommendation and ask that it be amended to make it clear that its brief is to retain the independent voices of the sector and encourage debate, as well as to ensure the structural accountability and efficiency currently covered below:**

#### ***Driving Change***

*To bring these reforms to fruition and to provide a home within the Australian Government to progress ongoing sector and governmental reform, an Office for Not-For-Profit Sector Engagement is warranted. Such an office, located within the Prime Minister's portfolio, could give much needed focus to improving the sector's engagement with the Government, and a business, and stimulate sector-wide policy development.*

### **Recommendation 4**

**There should be a recommendation to explore untied funding offered that allows groups to respond to community ideas, offer expertise and ideas, as well as lobby for changes seen as useful.**

Advocacy groups, particularly smaller ones, often compete with highly funded spin designed exercises and so should have more resources to research and support their advocacy for identified needs of their target populations. While governments may intend to do the right thing, they are not necessarily able to identify changes or move quickly to explore problems and that is where particular interest groups and links become essential. Funding for such activities may need to upset governments and therefore need to have some independence built in.

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