



Mid Mountains Neighbourhood Centre Inc

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Productivity Commission
GPO Box 1428
Canberra City ACT 2601

Re: Draft Research Report 2009 on the Contribution of the Not-For-Profit Sector.

Dear Commission,

Thank you for providing the opportunity to make a submission towards the Productivity Commission Draft Research Report 2009 on the Contribution of the Not-For-Profit Sector.

Mid Mountains Neighbourhood Centre (MMNC) supports for the detailed and comprehensive submission made by the Local Community Services Association (LCSA) and Families NSW Inc. (FamS). In particular, MMNC supports LCSA's and FamS' call for in-depth consultations with our sector in developing a national framework for accountability. This will allow for empowerment and appreciation of community services in creating a *simple, common sense, easy to use, minimal paper and useful* framework for more accurate measurements of our sector's contributions to the Australian economy.

MMNC welcomes the Commission's Draft Research Report and supports its recommendations. MMNC would like to thank the commission in particular for acknowledging that

- *Measures of inputs, and even the service delivery outputs, fail to adequately capture the contribution of the sector.*
- *Only a very small share of NFPs operate in markets that also have for-profit providers, so while NFPs may compete and cooperate with each other and this may stimulate innovation and productivity improvement, competition is less of a motivating force for driving improvements in efficiency and effectiveness than it is in the for-profit world.*
- *As understanding of the nature and causes of disadvantage has developed, some of the eligibility criteria [for DGR Status] appear outdated, and may be restricting public support to NFPs engaged in preventative activities that have the potential to address the root causes of disadvantage.*

Not-for-profit community organisations play a vital role in the welfare and social connectedness of the most vulnerable and disadvantaged people within our society; providing services and resources that prevent poverty and social isolation as well as direct services to relief from financial and emotional hardship.

Neighbourhood centres, youth services, family support services, children and family services, aged care and disability services, community health and legal services are all entities contributing to a more equitable and safer society 'with a dominant purpose, which is altruistic and for the public benefit'. This also includes peak organisations such as MCRN, Western Sydney Community Forum and the Local Community Services Association, which build the capacity within the community sector by demonstrating leadership and providing resources, training and networking opportunities.



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MMNC is concerned that there is an inconsistency in the determination of DGR status, which results in some organisations *not having* DGR status, whereas a very similar organisation providing very similar services *having* DGR status. This dilemma is relevant for two reasons:

1. In an increasingly competitive funding environment access to philanthropic grants becomes more important. DGR status is a pre-requirement for most of these grants.
2. DGR status gives organisations access to the salary sacrificing / fringe benefit tax system, which ensures better employment conditions for workers within the community sector. The wages in our sector are very low in relation to similar jobs (in terms of levels of accountability) in other sectors.

The vast majority of not-for-profit community organisations have a proven track record of good governance and accountability processes in acquitting governmental funding. MMNC recommends that DGR status is determined more consistently and that the positive attributes of not-for-profit organisations are taken into consideration in any decision making processes.

MMNC would like to raise the awareness around the value and efficiency of small, community-based and community-managed NFP organisations. Their contribution in particular is not emphasised in your report, yet there is an evidence-base that demonstrates the even higher cost effectiveness of such organisations on a local level through local connectedness and spill-over effects created through local approaches and partnerships.

Finally, MMNC would like to thank the Commission for making the recommendations 12.2 and 12.5, addressing the negative impact of short funding cycles and one-off funding arrangements on community service delivery and outcomes as a result. Research as well as the Victorian experience demonstrate that long term funding - especially in the areas of community and cultural development, mental health, children & family services, youth services, aged care and disability services - contributes greatly to long-term benefits to the community as well as more to the stability and sustainability of community organisations.

Yours faithfully,

Mick Barrett
MMNC Manager