



**ethnic
communities'
council of
victoria**

27 May 2009

**ECCV SUBMISSION TO THE
PRODUCTIVITY COMMISSION RESEARCH STUDY
INTO THE CONTRIBUTION OF THE NOT-FOR-PROFIT SECTOR**

Ethnic Communities' Council of Victoria (ECCV) welcomes the opportunity to provide input to the Productivity Commission's research study into the contribution of the not-for-profit sector.

This submission addresses the three focus areas identified in the Issues Paper and includes a discussion on the trends and developments that are likely to impact on the sector. The submission expands on our response to the Victorian Government's 'Stronger Community Organisations Project' in July 2007.

As recognised in the Issues Paper, there is considerable diversity within the not-for-profit sector, ranging from very small groups to large service providers that exhibit many corporate-style characteristics. Likewise, the experiences, needs and contributions of these types of organisations differ greatly.

ECCV therefore supports the Productivity Commission's proposed broad view approach to guide a general understanding of this large and diverse sector. However, ECCV strongly recommends that the resultant report also identify issues that are specific to different types of organisations to better inform policy directions.

This submission will have reference to both ECCV's advocacy role on behalf of its member organisations as well as ECCV's views and experiences as a not-for-profit organisation itself.

ECCV strongly calls on the Government to invest in the long term development of social and sustainability indicators to measure outcomes that are better aligned with the distinctive strengths and contributions of the not-for-profit sector.

For further information on this submission, please contact Ms Vivian Tee at ECCV on 03) 9349 4122 or email: vtee@eccv.org.au.

Warmest regards

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EXECUTIVE SUMMARY

Established in 1974, the Ethnic Communities' Council of Victoria (ECCV) is a broadly based, statewide peak advocacy body representing ethnic and multicultural communities in Victoria. ECCV membership consists of smaller ethnic community associations that have incorporated as not-for-profits under the Victorian *Associations Incorporation Act 1981*, as well as some medium-sized and larger multicultural and ethno-specific organisations.

Ethnic organisations serve important functions for their constituents and the broader community, including:

- settlement assistance
- advocacy on behalf of ethnic groups
- skills development to bolster economic, social and civic participation
- direct delivery of services
- promotion of cultural diversity
- enrichment of social inclusion and cohesion.

ECCV supports the Productivity Commission's proposed broad approach toward the not-for-profit sector. However, ECCV strongly recommends that the resultant report also identify issues that are specific to the different types of not-for-profit organisations.

Key recommendations detailed within this submission include:

- The addition of the specific accountabilities within the overarching framework for measuring not-for-profit contributions, such as consideration of:
 - resource allocation based on a 'priority of need'
 - capacity building outcomes
 - organisational stability and sustainability.
- Greater accessibility of funding opportunities for not-for-profit organisations and allocated proportional to their community reach and needs.
- Particular attention be made to the needs of smaller ethnic organisations representing new and emerging communities and to culturally and linguistically diverse (CALD) communities in regional locations.
- Consideration be given at both the state and national levels for development of a low or no-cost public liability insurance scheme for smaller community organisations.
- Consideration also be given to the development of a government-funded or managed comprehensive auditing and financial scheme for such organisations, perhaps incorporating pro-bono assistance from the corporate sector.



- Greater focus be made of the service effectiveness, efficiency and expansion of consumer choice offered by ethno-specific service providers in the deliberation of government tenders.
- Strengthening of research into, and encouragement of, volunteering, particularly among younger people, to strengthen the long term viability of community organisations.
- Establishment of a one-stop shopfront providing information, advice, training opportunities and other resources for not-for-profit organisations, with full accessibility to people from CALD backgrounds.

Overall, ECCV believes there is a strong need to build the skills and opportunities within the not-for-profit sector that promote positive, sustainable and effective networks and partnerships.



Focus 1: Measuring the Contribution of the Not-For-Profit Sector

Nature of the contribution of ethnic organisations in the not-for-profit sector

As noted in the Issues Paper (p. 19), a defining characteristic of not-for-profit organisations is the 'absence of a profit motive' which enables them to pursue activities and make contributions that are distinct from businesses and governments. In this respect, ethnic organisations deliver important functions for their constituents and the broader community and are increasingly critical to their respective communities' sense of social inclusion.

While the contributions of ethnic organisations vary, they are largely focused in the social and civic realms. Key functions of these organisations include:

- assisting new arrivals in the settlement process
- advocating for, and increasing the voice and visibility of, ethnic groups
- providing opportunities for voluntary and paid involvement in the organisation, enabling members to gain skills for economic, social and civic participation
- facilitation of greater social participation and inclusion in broader community life
- delivery of services and programs promoting health, independence, social inclusion and cohesion
- serving as a significant intermediary between their constituents and government / services, particularly in terms of service referrals, information transmission and involvement of constituents in policy development and service review activities
- representation of ethnic groups to promote greater access to resources (eg eligibility to apply for grants)
- maintaining and promoting diverse cultural identities to enhance Australia's multicultural fabric.

A key indicator of the impact of ethnic organisations concerns the role of volunteers. A 2007 survey into Australian volunteers from CALD backgrounds¹ found that the majority of CALD volunteers donated their time and services within their own particular community or in both their own community and the broader community. The upshot being that ethnic organisations play a vital role in providing volunteering opportunities for migrants and refugees.

Ethnic and multicultural organisations play a significant role in advancing the social inclusion of people from CALD backgrounds. This not only promotes social harmony and cohesion, but also enables the community as a whole to mobilise potential, untapped talents and reduces social isolation. As many studies have shown, social isolation is associated with poor mental health which has significant impacts on health services and workforce participation. The role of not-for-profit organisations in promoting positive individual and community wellbeing should be appropriately recognised.

In view of the above, ECCV strongly supports the development of a range of data sources to appraise the varied contributions of the not-for-profit sector, as outlined in the Issues Paper. ECCV also endorses the draft overarching framework outlined (p.11). This framework will assist in aligning the contributions, strengths and missions of the not-for-profit sector, with international and Federal directions towards building sustainable communities.

¹ Australian Multicultural Foundation and Volunteering Australia, 2007.



However, ECCV recommends the addition of:

- a needs-based input measure for determining the allocation of resources – this could involve a formal evaluation process to assess the equitability of direct government fund distribution
- inclusion of 'capacity building' as an outcome measure – this could encompass the sector's beneficial contributions to skills development, including employment, IT, English, lifelong learning and other skills
- monitoring of the stability and sustainability of organisations – this will help to build the knowledge-base around the attributes and enablers of lasting organisations.

One of the greatest obstacles to assessing the full contribution of the not-for-profit sector is the tendency to rely on economic indicators which are more quantifiable and easily attainable. Unfortunately, social and sustainability indicators that assess less tangible matters, such as perceptions and experiences, social relationships, equity, resilience and other aspects of wellbeing, are far less developed and understood. As such, ECCV notes the pressing need for all sectors to develop frameworks and capacities to better evaluate longer term, integrated outcomes that recognise the growing complexities of social issues.

Progress is already being made on a suite of indicators that extend beyond economic measures. The Victorian Community Indicators Project (VCIP) and various local indicators projects are all steps in the right direction. However, ECCV recommends that the Federal Government include performance indicators to monitor the social and civic contributions of not-for-profit organisations as part of its Social Inclusion Agenda. The broadening of indicators will also be vital to informing and monitoring policy initiatives such as the proposed National Compact.

Community Indicators Victoria

Implemented over 2005 and 2006 in partnership with local governments and project stakeholders, the VCIP was a seed project commissioned by VicHealth to establish a sustainable statewide system of local community wellbeing indicators. This work was further developed upon and operationalised through Community Indicators Victoria (www.civ.net.au).

This project promoted dialogue, knowledge acquisition and increasing momentum within the government sector on integrated community wellbeing indicators and had started to amass trend data using a consistent data set over time. However, State Government funding for the project has now ceased, stalling further progress on outcomes-based, integrated indicators. The unexpected conclusion of Community Indicators Victoria draws attention to the need for a long term commitment to develop, implement, refine and engage the community around broad-based measures that integrate social, economic, environmental, democratic and cultural considerations.

Participation patterns and profiles

Leadership development is another priority area for the not-for-profit sector. ECCV believes that policies for leadership development would be better informed by a greater understanding of factors including:

- demographic characteristics
- motivations



- types of organisations and activities
- level and nature of volunteer involvement
- changes over time.

For example, ECCV is aware of community organisations that are struggling to renew leaders due to the ageing of their members, particularly smaller ethnic senior citizens clubs. By making some additions to the Australian Bureau of Statistics' Voluntary Work Australia survey, valuable data can be collected on people who volunteer on committees and boards. This would:

- provide a greater understanding of the participation patterns of people in volunteer-based not-for-profit sector organisations
- guide future policies that better support organisations to sustain effective governance and leadership
- complement the current initiatives to promote volunteerism in general.

Moreover, by gaining a clearer picture of which population groups benefit most (through gaining employment, social and civic participation and other skills) from their direct involvement in the governance of not-for-profit organisations, the contributions of the sector toward social inclusion and capacity building are more easily measured.

Recommendations:

- That performance indicators be included in the Federal Government's Social Inclusion Agenda that monitor the social and civic contributions of not-for-profit organisations.
- That additions be made to the Australian Bureau of Statistics' Voluntary Work Australia survey to collect data on people who volunteer on committees and boards.

Focus 2: Enhancing the Efficiency and Effectiveness of the Not-for-Profit Sector

It is well known that most not-for-profit organisations are reliant, to varying degrees, on volunteers at management / committee level, on an ongoing basis or to assist with one-off activities. Smaller ethnic organisations, in particular, are based almost entirely on voluntarism and the selfless and entrepreneurial efforts of community leaders. This presents many unique challenges, along with other issues that impact upon the efficient and effective running of not-for-profits.

Other challenges relate to:

- attracting and retaining staff in an ageing environment
- governance and income maintenance
- leadership succession
- increased regulatory requirements and costs
- access to resources
- quality management.



Attracting and retaining staff in an ageing environment

As noted in the Issues Paper, Australia's ageing population is having a dramatic impact on the running of organisations in the not-for-profit sector, especially with regard to volunteering rates. This is of particular concern to organisations serving ethnic communities that are ageing rapidly, such as the Italian, Greek, Polish and Croatian communities. According to the 2007 survey by Volunteering Australia into volunteers from CALD backgrounds², 45% of CALD volunteers surveyed were aged over 60 years.

In response to ideas raised during the Australia 2020 Summit, the Australian Government considered developing a national volunteering strategy. As part of this strategy, ECCV urges the Federal Government to strengthen research and efforts to encourage volunteering, particularly among younger people, so that the long-term viability of community organisations can be better assured.

Recommendation:

- That strategies to encourage volunteering include a specific focus on younger people so that the long-term viability of community organisations can be better assured.

Governance and income maintenance

Ethnic organisations need particular support around governance, financial management and income maintenance. Smaller organisations often struggle to keep abreast of regulatory arrangements and complex issues like public liability insurance and compliance with various laws.

ECCV believes a one-stop shopfront that provides information, advice, subsidised training and other resources for not-for-profit organisations would help to build the governance and operational capacities of organisations and ensure they can fulfil existing and new requirements. Such a service would need to be accessible to people from CALD backgrounds (eg through the use of interpreting and translating services).

Recommendation:

- That consideration be given to the development of a CALD-friendly one-stop shopfront to provide not-for-profit organisations with information, advice, subsidised training and other resources to help bolster their governance and operational capacities in line with existing and new requirements.

Financial resources

ECCV believes the establishment of organisations better empowers new communities to address their own needs and advance the wide ranging contributions of the not-for-profit sector. With the advent of the global economic downturn in 2008-09, however, the reliance of many community organisations upon grant funding to provide programs, projects and events has become even more fraught. Where once ethnic organisations may have been eligible to receive grants-in-aid to assist them in developing formal

² Australian Multicultural Foundation and Volunteering Australia, 2007.



structures and organisational capabilities, newer communities no longer have ready access to such assistance and often find it difficult to establish organisations.

ECCV identified has identified a number of key issues of concern in relation to the financing of ethnic community organisations:

Access to information about funding opportunities	<p>The primary sources of grant funding remain government (federal, state and local) and philanthropic, with some growth in community foundations and corporate grant programs.</p> <p>Organisations such as Our Community (www.ourcommunity.org.au) provide various resources for community groups, including centralised information about available grants.</p> <p>However, access to information about available opportunities can be quite fragmented and confusing, and many smaller organisations cannot afford the subscription fees, compounding the inequities within the not-for-profit sector.</p>
Insufficient organisational history or core capacity	<p>Policy shifts by governments towards 'mainstreaming' can disadvantage new communities that have not had the opportunities to develop core capacity.</p> <p>Smaller community organisations may struggle to attract funding without an extended organisational history.</p>
Insufficient grant writing skills	<p>Government grant programs are often complex and require specialised writing skills and high written English proficiency.</p> <p>This can disadvantage community groups and organisations from non-English speaking backgrounds and deter or preclude smaller organisations from applying.</p>
Critical and complex settlement challenges for new and emerging communities	<p>The needs of members of new and emerging communities are particularly acute and it is vital that additional support is made available, including start-up assistance, to build their capacity and establish effective organisations.</p> <p>Programs such as the Victorian Government's Refugee Action Program (formerly the Refugee Brokerage Program) can assist new communities to organise, plan and implement strategic initiatives.</p>
Limited resources in regional and rural centres	<p>Regional Ethnic Communities' Councils and smaller community organisations often operate on behalf of regional CALD communities with extremely limited funding and other external support.</p> <p>Urgent consideration for stable, ongoing government funding for projects and organisations that assist communities in regional areas are necessary to ease the demand on volunteer goodwill.</p>



Access to appropriate ICT infrastructure	<p>With the accelerating importance of information and communication technologies, access to computers, software, printers, website development and other ICT infrastructure and skills is becoming increasingly critical to the effectiveness, vitality, sustainability and growth of community organisations.</p> <p>Key measures for supporting and improving information access and production by not-for-profit organisations include corporate loans, funding or donations of equipment; practical models for equipment and skills sharing; supports for website development/maintenance and hosting; and training to improve skills and knowledge.</p>
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With the increasing emphasis on project-based grants as a significant funding source for community organisations, ECCV reiterates the need for funding processes to be sensitive to the diverse abilities of not-for-profit organisations.

In general, ECCV believes that government funding opportunities for not-for-profit organisations need to be more accessible and distributed in proportion to their community reach and needs. ECCV notes that some grant programs offer separate funding pools for major and minor grants (eg the Australian Government's Diverse Australia Program). ECCV supports the provision of smaller grants that involve fewer or simplified requirements. This can increase access by smaller and newer organisations to government grant funding.

Recommendation:

- That particular attention is placed on the needs of smaller ethnic organisations representing new and emerging communities, such as ethnic groups from Africa, the Middle East and Central and South-East Asia.
- That CALD communities in regional locations are be made a government priority in terms of support and resources.

Physical resources

Subsidised or free access to physical resources, such as office/meeting space and equipment, can often be as important to the ongoing sustainability and viability of organisations as direct financial assistance. Many voluntary organisations operate after-hours and on weekends, so access to after-hours meeting and office spaces are particularly important, especially in enabling the involvement of younger volunteers. While provisions for access to physical resources (meeting spaces, office spaces, venues for events, etc) may be outside the direct scope of the Productivity Commission's research study, it is an important issue for many not-for-profits, particularly smaller ethnic organisations.

For example, ECCV is aware of one community-based organisation that receives a small grant from a local government, but is charged a higher annual rental fee to use the council-owned facility.



Uniform and responsive policies around subsidised access to facilities for smaller organisations would certainly help to address a significant barrier to the efficient and effective operation of many not-for-profit organisations.

Recommendation:

- **That uniform and responsive policies be considered around subsidised access to facilities for smaller not-for-profit organisations.**

Regulatory environment

With a host of regulations governing the operation of not-for-profits, it is not uncommon for ethnic organisations to find the vagaries of the law quite overwhelming and difficult to comprehend.

ECCV notes two particular regulatory requirements that tend to prove onerous and confusing for smaller ethnic community organisations, namely public liability insurance and auditing requirements. The application of the same auditing requirements for all incorporated not-for-profits, regardless of their income level and size, can be disproportionately burdensome on smaller organisations that have limited staffing resources or rely solely on volunteers.

ECCV believes that creation of a government-funded or managed comprehensive auditing and financial scheme for not-for-profit organisations, particularly smaller community organisations, would go some way to alleviating the stress and uncertainty attached to these regulatory requirements, perhaps incorporating pro-bono assistance from the corporate sector. The existing public liability insurance scheme that the Victorian Department of Human Services provides for its funded agencies could provide a good model.

Should these schemes be coordinated at the Federal level, greater uniformity in the relevant regulations would be advisable nation-wide.

Recommendation:

- **That the Commonwealth and State Governments consider a low or no-cost public liability insurance scheme for smaller community organisations.**
- **That consideration be given to a government-funded or managed comprehensive auditing and financial scheme for such organisations, perhaps incorporating pro-bono assistance from the corporate sector.**

Diversity of representation

Whether ethnic-based or not, it is generally common for more established communities to maintain more effective community organisations. ECCV acknowledges the importance of recognising and rewarding effectiveness and efficiency. However, ECCV also notes that the interests of a diverse community are best served by a broad representation of ethno-specific organisations. Care must be taken to ensure that the opportunity for ethnic communities to self-define and represent the distinct views and needs of their constituents is not unduly monopolised by a few, well-resourced organisations



Umbrella organisations, such as ECCV, can and do provide an effective point of liaison between less established ethnic organisations and government, as long as funding arrangements do not restrict the effectiveness of their advocacy role.

Recommendation:

- That sufficient funding be available to ensure that umbrella / peak body organisations have the capacity to advocate on behalf of ethnic communities that are yet to develop the operational efficiencies to fully represent themselves.

Focus 3: Service Delivery

One of the issues identified in the Productivity Commission's Issues Paper (p. 36) concerns the impact of 'mainstreaming' government programs and policies. ECCV notes that this approach by governments has directed funding away from the ethno-specific sector towards larger mainstream providers such as the local government and faith-based sectors.

Currently, ECCV membership comprises some medium and larger ethno-specific service providers and multicultural agencies, such as CO.AS.IT (Italian), AGWS (Greek), the Northern Migrant Resource Centre (Spectrum), APCS (Polish), Diversitat and Jewish Care. These larger organisations are highly professional, with paid staff delivering a variety of services for their communities. However, the trend toward 'mainstreaming' has put these ethno-specific organisations at an additional disadvantage.

ECCV does not believe that the quality of service delivery by mainstream agencies is necessarily superior to that by multicultural or ethno-specific agencies. In fact, evidence suggests that ethno-specific agencies have particular strengths, such as the capacity to deliver culturally effective services through access to bilingual and bicultural staff.

ECCV is strongly of the view that organisations such as these must have the opportunities to compete equally for outsourced government service programs, and that tendering processes should acknowledge the unique benefits that ethnic not-for-profit organisations bring to overall service effectiveness, efficiency and consumer choice.

It is also vital that government funded services retain independence in the complementary services they provide and can advocate effectively for their clients. The value of the advocacy role of service agencies needs to be recognised and service agencies should be accorded a key role on policy networks to advocate for their clients in a frank and unrestricted manner.

Recommendation:

- That deliberations of government tenders for outsourced services are based first and foremost on criteria relating to service effectiveness, efficiency and consumer choice.

Focus 4: Trends and Developments

Network and partnership development

One of the most pronounced trends to impact upon not-for-profit organisations is the growing emphasis on collaborative partnership development with more grant programs and service delivery models in particular encouraging, or requiring, the implementation of partnership approaches.



While supportive of closer coordination and cooperation between organisations, policy areas and sectors, ECCV notes that much of the work around partnership development has focused on government and service agencies.

ECCV believes there is a pressing need to develop the skills and opportunities necessary for effective inter-organisational relationships within the not-for-profit sector. Many ethnic organisations, particularly smaller organisations, have not had sufficient opportunities to gain the experience and capacities to excel in an environment that favours integration and collaboration.

ECCV notes that conferences and forums often attract a wide cross-section of organisations and therefore present valuable opportunities for inter-organisational interactions. For example, ECCV regularly hosts open information and consultation forums that provide representatives of organisations meaningful opportunities to interact and network. However, conferences, forums and other events can be resource-intensive.

Mentoring programs between not-for-profit organisations, or between public or corporate organisations and community-based organisations, could facilitate the exchange of skills, knowledge and expertise. Such connections could also promote network and partnership developments within and across sectors.

Recommendation:

- That special consideration be given to additional grant funding for the staging of events such as conferences which promote close cross-organisational partnerships and interactions.

Community engagement

The Australia 2020 Summit identified community engagement as a priority issue in service delivery and policy development. ECCV supports the Summit's proposal for the development of a Charter of Community Engagement, provided the initiative is supported by awareness-raising, training and appropriate practical opportunities to maximise the meaningful participation of the not-for-profit sector. This would require culturally sensitive approaches and active measures to address barriers to participation, such as language and financial barriers.

The evaluation process of community engagement initiatives would need to monitor the diversity of participants and identify strategies to increase involvement by demographic groups that are traditionally marginalised or excluded.

Recommendation:

- That consideration be given to the development of a Charter of Community Engagement, in line with the outcomes of the Australia 2020 Summit, encompassing awareness-raising, training and practical opportunities to maximise the meaningful participation of the not-for-profit sector.