



Communities Count

ComVoices 2011 Pre-Election Briefing

August 2011

The purpose of this briefing is to summarise key community sector issues and solutions. It deals with specific issues and identifies emerging issues and policy challenges.

This briefing has been prepared by ComVoices, an independent coalition of Community Sector organisations. We represent national organisations and actively promote the value, scale and scope of the Sector to our society.

The organisations in ComVoices reflect the diversity of the Sector and all rely on a unique mix of paid professionals and professionally managed voluntary staff. The value added from those involved in community organisations (paid and unpaid) is both economic and social.

KEY SUMMARY

Over successive Parliamentary terms, ComVoices members have worked hard to improve social outcomes by building strong relationships between the Sector and Government.

ComVoices believes that successful partnerships between Government and the Sector are built on long-term, high-trust and outcome-driven models of consultation and engagement.

To achieve this, ComVoices members are looking for the 2011-2014 and successive governments to:

- Recognise the community sector as an **equal** partner with business and government in achieving stronger social and economic outcomes for Aotearoa New Zealand. The sector contributes 4.9 per cent of GDP (including volunteer hours), similar to the contribution of the construction industry. Recognising this value means Sector representatives should be engaged on an ongoing basis as the new administration moves to introduce government reviews and processes.
- The Government is looking for social innovation. This is already happening in the Sector through service delivery and community led development models. Better support for this requires the Government to

take an adaptive, cross-agency approach to policy making. An adaptive approach should also apply where the Government funds services provided by the community. ComVoices members propose a Prime Minister's Forum to create a strategy for how this should happen.

- There is a structural shift in the revenue base of organisations and the regulatory environment has not kept up with this. There needs to be a review of the regulatory environment to ensure that the Sector can generate more and new kinds of earned income, gain increased access to capital, share infrastructure and services, and reduce existing barriers around social enterprise.

SUMMARY OF RECOMMENDATIONS

A measurable goal for reducing inequality in New Zealand

- *Set out aspirational goals for reducing inequality*
- *Develop a vision specifically for the reduction of child poverty*
- *Plan for significant downstream impacts to the Sector when introducing measures to reduce welfare dependency*

Strengthening communities

- *Establish a Prime Minister's Forum to meet twice yearly*
- *Provide more certainty for existing funding contracts by increasing multi-year funding agreements*
- *Allow a **capacity and capability development** component in funding contracts*
- *Develop a strategy for growing and supporting social enterprise in New Zealand*
- *Awareness raising campaign that actively promotes a culture of Giving and Generosity*

Funding sustainability and innovation

- *Implement the **Code of Funding Practice***
- *Research barriers and provide incentives for social enterprise in New Zealand*
- *Address issue of imputation credits*
- *Bring forward the planned review of the Charities Commission Act 2005 from 2015*

The bigger picture

- *Continue to recognise the important place of Te Tiriti o Waitangi.*
- *Work closely with the Sector in developing proposals for constitutional change*

Value, Scale and Scope of the Sector

- *Commit further resources towards establishing an up-to-date picture of the full scale and scope of the Sector*

Community Sector – Value, Scale and Scope

- Community sector organisations (the Sector) make an enormous contribution to all sections of New Zealand society, including support for and services to: the arts, culture and heritage; sport and recreation; environment and conservation; education and employment; faith communities; social services and housing; law, advocacy and human rights; philanthropy; international development; health; disability; professional associations; Māori; Pacific and other ethnic communities.
- The community sector is distinct and different from other sectors, particularly the Government, in terms of:
 - Structures
 - Accountabilities
 - Decision-making processes
- The Sector values its independence. The majority of the invaluable work carried out by the Sector falls outside the processes and structures controlled and funded by government.
- The Sector has significant economic value. It represents an enormous industry in New Zealand, creating innovative and independent economic activity that includes vital services on behalf of the Government, and providing an important contribution to the New Zealand economy.
- There are about 97,000 non profit organisations in New Zealand, with about 25,000 of those currently registered as charities. In total, there are about 105,000 paid staff employed in the not for profit sector.
- In addition, volunteer labour in 2010 was estimated to be 270 million hours, which translates into an estimate of \$3.5 billion. Volunteering is not restricted to the Community Sector. A lot of core central and local government work is also actively supported by volunteers, for example: the Police, Prisons, Civil Defence, Conservation and Fire Services.
- The Sector represents significant value for money. A comprehensive assessment of 10 voluntary groups in New Zealand, named Counting for Something - Value Added by Voluntary Agencies (VAVA) Project, was undertaken by the New Zealand Federation of Voluntary Welfare Organisations and PricewaterhouseCoopers in 2004.
- The VAVA report, found that voluntary groups return between \$3 and \$5 worth of services for every \$1 they receive in funding. So, in 2002, the 10 groups returned services worth approximately \$177 million for the \$42 million in funding they received (from all sources). If the 10 groups studied in the VAVA report were corporate entities, they would operate within the top 5 percent of New Zealand enterprises.
- A further study in 2007, named Counting For More, identified and measured the value of outputs and outcomes in case studies of two national social service agencies. This identified returns on investment for

time periods of 15 to 30 years (for different services) of between \$14.30 and \$39 annually for every \$1 they receive in funding.

- More than 1.2 million people volunteered time in 2008, according to research released by Nielsen Research: How do New Zealanders give? Towards an understanding of generosity in New Zealand.
- ComVoices recommends the Government commit further resources towards establishing an up-to-date picture of the full scale and scope of both the economic and social impact of the community Sector. In particular, ComVoices would like to see a repeat of the comparative study on the Non-profit Sector in New Zealand from 2008.

Recommendations:

- *Commit further resources towards establishing an up-to-date picture of the full scale and scope of the Sector.*

KEY ISSUES FOR THE SECTOR

The make-up of New Zealand and its people is changing. An ageing population and a generation of young people that expects innovative customisation of services will see the Sector constantly adapting to changing needs in everything from housing, education and health to urban environments.

ComVoices believes that the next Government will represent an opportunity to develop open and understanding relationships to improve the value of services delivered to communities, as the Sector shifts to address changing demands and requirements.

To assist in achieving this, ComVoices has identified four key areas of focus to be addressed:

- 1 A Measurable goal for reducing inequality in New Zealand
- 2 Strengthening communities
- 3 Funding, sustainability and innovation
- 4 The bigger picture

1. A measurable goal for reducing inequality in New Zealand

- 1.1 ComVoices members believe that growing inequality is the single biggest issue facing both the Sector and the wider community in New Zealand.
- 1.2 ComVoices members ask the Government to clearly set out **aspirational goals for reducing inequality** in our communities. These goals would be measurable.

- 1.3 The Government should recognise that those most at risk from the effects of inequality are children, and that New Zealand's child poverty rates are unacceptably high. (CPAG: Left Behind, OECD: Doing Better for Children 2009).
- 1.4 Ministry of Social Development figures for living standards show that before the 2009 recession 19 per cent of children were experiencing "serious hardship" and "unacceptably severe restrictions on their living standards". Anecdotal evidence suggests the situation has worsened considerably in the two years since 2009.
- 1.5 The community Sector would therefore welcome a move to develop a vision specifically for the **reduction of child poverty**. The Sector would urge the Government to develop ambitious and measureable targets in this area and for these to be integrated into all relevant work plans and projects, including the Child Action Plan.
- 1.6 Government focus must be on outcomes for lower socio-economic families, not treating the symptoms. Any solution must also be cross-sectoral and include the entire system including our Sector. There is little point making changes around social development if education, health, youth training and employment and justice are not committed to a common goal.
- 1.8 The **Welfare Working Group** report has identified a number of ways to lower dependency on welfare. ComVoices' members support their recommendations for initiatives that will assist people to overcome barriers to employment, and ensure that vulnerable people and families receive the help they are need. We are, however, adamant that the more punitive measures outlined in the report will have a negative impact on families and communities and increase the wealth gap.
- 1.9 ComVoices members believe change cannot be made without significant investment. There is concern that Government agencies will seek to implement any changes without a realistic costing of the options. Ensuring that well-resourced, capable providers of social services and support are available in every community should be a prerequisite to introducing any of the types of interventions outlined in the report.

Recommendation:

- Set out aspirational goals for reducing inequality
- Develop a vision specifically for the reduction of child poverty
- Plan for significant downstream impacts to the Sector when introducing measures to reduce welfare dependency

Further detail/background can be found here:

- *OECD's 2009 report "Doing Better For Children"*
- *Left Behind: How Social and Income Inequalities Damage New Zealand Children (CPAG)*

2. Strengthening communities

- 2.1 Sector organisations propose ongoing strategic engagement, including a **Prime Minister's Sector Forum** be established, to provide a high-level mechanism for Sector representatives to meet regularly with Senior Government Ministers.
 - 2.1.1 Consistent with the Government's commitment to "doing things differently" ComVoices members believe there is value in the Government and Sector coming together twice a year (October, when the Government Budget process is starting, and July, once it has been announced) to undertake a whole-of-system discussion about core issues facing our communities with a view to developing sound solutions/policy.
 - 2.1.2 This forum recognises the value, scale and scope of the Sector.
 - 2.1.3 In addition to the huge support provided to communities through service delivery and community support, Sector organisations also contribute significantly to the health of a civil society. This is done through ensuring the vulnerable and disempowered have a voice, and in assisting Government and policy-makers to make quality decisions around policy and funding.
 - 2.1.4 Where some Sector organisations have funding relationships with Government, ComVoices members see a considerable opportunity for reducing scope and duplication within the Government sector around contracting and relationship management. This was discussed with the National Party prior to the last election but has still not been realised. ComVoices would like to see progress towards an 'outcomes' focused delivery and funding model, which requires an ongoing and multi-level commitment.
- 2.2 ComVoices members would like the Government to follow through on its commitment to **promoting a culture of Giving and Generosity** with a national campaign that recognises the value of giving time (volunteering) and money (donations, payroll giving) with a view to increasing the value of giving in Aotearoa New Zealand society.
- 2.3 Payroll giving has generated \$2 million in donations in one year with minimal promotional support. Awareness and payroll options for business are still in their infancy and need to be promoted.
- 2.4 In order to better support the Sector and its work, the Government should ensure the **Charities Commission** assists and is accountable to the Sector. This will ensure that the Commission works to support Sector organisations with their diverse and independent goals, rather than trying to monitor or control it.
- 2.5 **Social enterprise**, where businesses trade for the central purpose of achieving social or environmental goals, can help communities to be self-

sufficient, grow employment opportunities and develop new skills. The Government should encourage social enterprise by developing a **strategy** that nurtures and supports social enterprise in New Zealand.

- 2.6 ComVoices members were deeply disappointed that **Pathway to Partnership funding** was withdrawn completely. The withdrawal of this multi-year strategy aimed at strengthening community-based family, child- and youth-focused services will see service providers struggle to keep up with future demand.
- 2.7 **Workforce development** is a major issue for the Sector. For Sector organisations contracted to the Government, ComVoices members recommend that a **capacity and capability development** component be added to funding contracts. At present, this is rarely costed into contracts and therefore, it is virtually impossible to ensure that staff (paid and unpaid) have the training, professional development and support to be at their most productive and effective. The current regulatory environment makes it difficult to source funding in other ways without jeopardising non profit status.

Recommendation:

- Establish a Prime Minister's Forum to meet twice yearly
- Provide more certainty for existing funding contracts by increasing multi-year funding agreements
- Include a **capacity and capability development** component in funding contracts
- Develop a strategy for growing and supporting social enterprise in New Zealand
- Awareness-raising campaign that actively promotes a culture of Giving and Generosity

3. Funding, sustainability and innovation

- 3.1 Sector organisations will **typically be funded through a combination of public and private monies and enterprise**. For example, government contracts can be significant, although many organisations operate independently of any government funding. Other common sources are grants from lotteries, philanthropic trusts and other sources, as well as fundraising, sales, fees for services, sponsorship and donations.
- 3.2 The Government should ensure that it examines regulatory barriers to social enterprise, for example the Charities Act 2005, and works with the sector to reduce those barriers. This will be critical for the ongoing success of the Sector.
- 3.3 The issue of **imputation credits needs to be addressed**. Charities currently have taxation exemption status and are therefore unable to

claim the imputation credit against taxable income. This means that a body which is intended to be a non-taxpayer is de facto paying tax. In order to restore their status to being exempt the possible remedies are:

- Allow charities to claim the tax paid to Inland Revenue
- Allow charities to receive a supplementary dividend from companies from which they receive dividends

- 3.4 A significant amount of funding for the Sector comes from **gaming and gambling grants**. These community grants need to be recognised as an alternative source of funding for the community and community-led projects, rather than another source of funding to be distributed by government, for government approved projects. The proportion being returned to the Sector should be far higher than the current 33%.
- 3.5 Actively promote the use of the voluntary **Code of Funding Practice** developed jointly in 2010, ensuring that it is used and understood by agencies. In particular, an organisation's right to "act as individual or system advocates without putting their funding agreement at risk" requires further promotion within government agencies.
- 3.6 In addition to the Code of Funding Practice, ComVoices members would like to see a **co-management model** adopted between Government and the Sector. Reflecting this equal relationship, reporting requirements for Sector organisations should be equivalent to those required within government agencies. ComVoices also supports the implementation of the current Government's 2008 pre-election promise of making greater use of multi-year funding arrangements and front loading of payments.
- 3.7 **Charities Commission:** ComVoices members believe it is a priority for the Government to provide clarity around the definition of "charitable" under the Charities Commission Act 2005, including the way it is interpreted.
- 3.8 The definition of charitable under the law needs to respect the ability of people to come together and work for all manner of social, economic and environmental causes.
- 3.9 Government support for **social innovation** should recognise changing demographics in New Zealand and a strategy should be developed to ensure future growth in this area.

Recommendations:

- Implement the **Code of Funding Practice**
Research barriers and provide incentives for social enterprise in New Zealand
Address issue of imputation credits
- Bring forward the planned review of the Charities Commission Act 2005 from 2015

4. The bigger picture

- 4.1 The government has established a constitutional review which is currently undertaking a "Consideration of Constitutional Issues". In doing so, ComVoices urges members of the reference group to ensure recognition of the importance of civil society and its contribution to economic and social success. To achieve this, community organisations must have a strong voice in the review process.
- 4.2 ComVoices members recognise and support the place of Te Tiriti o Waitangi and Tangata Whenua in New Zealand. ComVoices members would like to see the Government continue to recognise the important place of Te Tiriti. The Treaty should be at the centre of all policy development and delivery, and should be effectively measured and reported on by Government agencies
- 4.3 This government has made some very positive steps forward, a notable example being the whānau ora policy for the delivery of social services. It is important in the implementation of whānau ora that there is a continuing commitment to true partnership with iwi.

Recommendations:

- *Continue to recognise the important place of Te Tiriti o Waitangi*
- *Work closely with the Sector in developing proposals for constitutional change*

APPENDIX 1 – COMVOICES KEY CONTACTS:

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