

NO LONGER OVERLOOKED AND UNDERVALUED

Launch of *The New Zealand Non-Profit Sector in Comparative Perspective* (The Beehive, Wellington, Tuesday 12 August 2008)

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I would now like to take just a few minutes, first, to outline five key findings from the New Zealand national report, and, secondly, to draw out some personal reflections on the policy implications of what we are finding (the 'so what' question). Research is great; I am a strong advocate for it in our sector, but it needs to have a purpose and hopefully that is to help build things and change things for the better.

First, the research clearly shows ours is a big and economically significant sector within the Aotearoa New Zealand economy. Quite apart from the enormous social impact of non-profit organisations, they represent the equivalent of a \$9.8 billion industry - including the equivalent of \$3.3 billion worth of volunteer contributions. In 'value-added' terms it contributes 4.9% to our country's Gross Domestic Product (GDP). Employing over 200,000 full time equivalent people (both paid staff and volunteers), this is equivalent to 1 in 10 of the working age population. It makes us almost the same size as the manufacturing industry, and almost three times the size of each of the transport and communications industry, or the construction industry (even before the housing crunch!)

Second, it's a significant sector by international standards. The Aotearoa New Zealand non-profit workforce (including volunteers) is one of the biggest of all countries measured – proportionately 25% bigger than Australia's, bigger than that of the US, bigger than the average of all Anglo-Saxon countries, and a whopping 70% bigger than the average for the 41 countries measured.

Third, we forget at our peril how much of the sector is reliant on volunteers and how important a spirit of giving is for our society (and our economy). On a full-time equivalent basis, volunteers represent two-thirds of the non-profit workforce in this country. In fact 90% of non-profit organisations employ no paid staff, and rely completely on volunteers. Over 1 million New Zealanders volunteer with non-profit organisations (that's a third of every man, woman and young person over the age of 11). And almost half of those volunteer for more than one organisation.

The contribution of volunteers to the non-profit sector is especially high compared to other countries – proportionately more than 50% higher than in Australia, or the 41 country average, higher even than the Nordic country average, who are considered among the highest on volunteering for non-profit organisations. (And as an aside, it's worth remembering that only about half the voluntary work in this country is done *through* organisations, the rest is done directly in helping, person to person, our friends and neighbours, and members of our hapu, church, marae, and so on.)

Fourth, we forget at our peril that the sector has a much bigger role than mere provision of services (as important as that is and as crucial as many of those services we provide are). The international study uses the novel term 'expressive' to describe that part of the sector which is not just about service provision but as much about citizen participation, not just about being funded for a service contract, but as much

about fuelling social capital – weaving a sense of belonging among us and providing opportunities for citizen engagement. These ‘expressive’ organisations represent at least half of the non-profit workforce (including volunteers). This is proportionately about a third bigger than in Australia, the Anglo-Saxon countries as a whole, and the average of all countries measured. (Aotearoa New Zealand is only topped in this regard by the Nordic countries, where 57% of the non-profit workforce is in ‘expressive’ organisations.)

But even this underestimates the wider role of our sector, as even among non-profit organisations that mainly have a service delivery role it’s the nature of non-profits that many also provide services in a way that also promotes belonging, personal and community development, and citizen engagement.

The fifth finding I want to high light is that we forget at our peril that the sector generates most of its own income. Government support for non-profit organisations is much more modest than may have previously been thought in this country. Although the 25% contribution from government reported in this research is likely to be an under-estimate, it is still likely to be under the Australian level, the Anglo-Saxon country average, even the Nordic average, and certainly below the overall average of all the countries measured. It is well below the group of countries with the highest levels of government support (the ‘Welfare Partnership’ countries, which proportionately provide more than twice the government assistance as the New Zealand figures).

As other research shows, more than 2 million New Zealanders donate to non-profit organisations. Private philanthropy in this country (which includes New Zealand’s unique system of community and energy trusts) represents 20% of non-profit income and makes up 1.1% of GDP – more than twice that of the average of all the countries measured.

But so what? What does this mean for us as citizens and for our public policy?

Elsewhere I have written of how the extremes of the ‘contracting’ regime when applied to community organisations in the 1990s, had risked killing the (sector) goose that could lay the golden eggs of belonging, participation, and a spirit of giving - in short, much of the kind of inclusive and vibrant society that most of us want for ourselves and for our children’s children.

In the 2000s, this threat is (thankfully) more widely appreciated, and this research should only serve to reinforce that understanding. But the threat has not yet fully disappeared.

It reasserts itself every time public policy treats community organisations as ‘little fingers of the state’, every time we see community organisations as just another set of service providers to be contracted in the same way you can turn a tap on and off (with a perpetual reservoir of good will just sitting there waiting to gush forth at funder edict).

The threat reasserts itself every time we add one more layer of compliance costs and regulation to community engagement; every time we end up demanding rigidity and risk aversion in the name of so-called ‘accountability’ (but in fact undermine true responsibility and responsiveness to the people we serve).

The threat reasserts itself every time we make it harder or more complicated for people to volunteer or to give. (I should acknowledge here that from this financial

year, the Government has turned around the tax burden on individual and corporate givers *from* one of the meanest regimes in the OECD *to* one of the most supportive.)

We have also seen more helpful and explicit acknowledgement of volunteers in public policy. But unfortunately it still continues to get tougher for volunteers, not only with squeezes on their time and availability, but also with creeping regulations and so-called accountability requirements for our volunteer board & committee members, for our volunteer programme providers, for our volunteer fund-raisers.

As the research on the history of the sector indicates, historically the non-profit sector in this country has not been tightly regulated, and this has been important in facilitating its diverse forms and flexibility. We must not lose that comparative advantage.

The hopeful sign, as the New Zealand national report concludes, is “Aotearoa New Zealand shows that a strong state and a strong non-profit sector can co-exist and provide a rich and varied milieu for associational life in both its service and expressive domains.” That is the task for us all, to maintain and strengthen that collaboration, as we confront the social, economic and environmental challenges that face this nation. And I for one believe that the non-profit sector is up for it. I hope you join me in that vote of confidence. But most of all, I hope this report will mark the end of the non-profit sector in Aotearoa New Zealand being over-looked and under-valued.

Publications:

The initial working paper, *Defining the Non-Profit Sector: New Zealand*, was published by the Committee for the Study of the New Zealand Non-Profit Sector and Johns Hopkins University in September 2006.

Statistics New Zealand’s preliminary *Counting Non-Profit Institutions in New Zealand* was released in April 2007.

Statistics New Zealand published this country’s first *Non-Profit Institutions Satellite Account* in August 2007.

Today the Committee for the Study of the New Zealand Non-Profit Sector launch *The History of the Non-profit Sector in New Zealand* and *The New Zealand Non-profit Sector in Comparative Perspective*

Shortly, the Committee for the Study of the New Zealand Non-Profit Sector will be publishing a research bibliography on the non-profit organisations in Aotearoa New Zealand, and a report on policy issues confronting non-profit organisations will be published in December 2008.

Information on the project and these reports is available at:

<http://www.ocvs.govt.nz/work-programme/non-profit-study.html>,

<http://www.stats.govt.nz/people/communities/non-profit-institutions/default.htm>

<http://www.jhu.edu/cnp/research/country.html> (scroll down to “New Zealand”)

And will be shortly collated and published on www.communityresearch.org.nz