



We build strong **PEOPLE**
strong **FAMILIES** strong **COMMUNITIES**

Friday, 12 June 2009

Mr Robert Fitzgerald AM
Commissioner
Productivity Commission
GPO Box 1428
Canberra City ACT 2601
Email: nfp@pc.gov.au

Dear Mr Fitzgerald,

YMCA Submission in response to the Productivity Commission Issues Paper:

The Contribution of the Not-For-Profit Sector in Australia

YMCA Australia welcomes this opportunity to provide a brief submission to the Productivity Commission regarding the Commission's upcoming study of the Contribution of the Not-For-Profit Sector in Australia.

In making our submission we would also like to acknowledge and endorse the work undertaken by the Australia Council of Social Service (ACOSS) and the National Roundtable for Non-profit Organisations as represented in their submissions to the Productivity Commission.

The following submission focuses on three key areas of concern to the YMCA in Australia and relate primarily to Sections 3, 4, and 5 of the Commission's Issues Paper:

1. Access to human resources;
2. Models of success in the not-for-profit sector; and
3. Access to financial resources.

YMCA Australia is a community-based not-for-profit organisation that delivers programs and services to help build strong people, strong families and strong communities across Australia. The YMCA operates in over 500 locations across Australia and an estimated 2.2 million Australians accessed a YMCA facility or service each year.

YMCA Australia would also like to draw the Commission's attention to our previous submissions made to the Senate Standing Committee on Economics *Inquiry into the Disclosure Regimes for Charities and Not-for-profit Organisations* (August 2008) and to the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) on the *Development of a National Compact* (September 2008).

1.0 Access to human resources

Do not for profit organisations face unique impediments in attracting and retaining the people they require (both paid and voluntary)?

1.1 Supporting regional and rural communities

For the YMCA, as for many not-for-profit organisations, a critical issue of concern is our capacity to attract and retain senior management staff to rural and regional areas. One element of this issue relates to attracting personnel with the appropriate level of skill, qualification and experience in a highly competitive labour market. The less tangible factors influencing retention in rural and regional communities, such as social and familial links with the local community are another aspect of this issue and are not necessarily unique to the YMCA.

The capacity of the YMCA to work effectively in local communities and particularly in rural and regional areas relies significantly on our federated structure and the strong role that local Boards of Management play within this structure. Members of local voluntary Boards in regional and rural areas will typically be involved with a number of not-for-profit Boards in addition to undertaking a range of other local community commitments. While this often brings a number of people with diverse skill, experience and community contacts to the Boards of local YMCAs, it can also mean that voluntary Boards face particular challenges in terms of their functionality with members stretched across a range of interests.

Greater support, resources and training for not-for-profit staff and Boards, particularly in rural and regional areas will be a critical area of consideration for all levels of government seeking to enhance the resilience of communities in regional Australia and ensuring the work of not-for-profit organisations can remain sustainable and supported in these areas.

1.2 Competing in the labour market

For an organisation such as the YMCA, with an extremely high degree of diversity in the programs and services we provide and the many different sectors of community service with which we engage, there will be both benefits and challenges in attracting the best personnel in a competitive labour market.

As Australia's largest not-for-profit provider of health and wellness programs and services and a major player in the provision of children's services, the YMCA is in a unique situation working in a highly competitive environment. While there are a number of taxation advantages that ensure programs and services can be delivered with maximum benefit, it can be difficult for a not-for-profit organisation to offer remuneration at a rate commensurate with the private sector.

1.3 Employee Profile

The vast majority of YMCA staff are employed on a casual basis (70%), 17% on a part-time basis and 13% on a full-time basis. The majority of staff are female (72%) and 28% are male and over 40% of staff are aged between 15 and 24 years and 25% aged between 25 and 34 years of age.

Given the gender, age and employment status of YMCA staff, this has the potential to present particular challenges in relation to staff turnover and years of continuing service. Despite this, however, the YMCA as an organisation has a high staff retention rate.

The staff profile of the YMCA would not necessarily differ greatly from a number of other large not-for-profit organisations and the challenges of retaining staff will be an ongoing issue of concern for many parts of the sector.

2.0 Models of success in the not-for-profit sector

Does the YMCA have a model of success?

Despite the challenges in regional and rural areas outlined above, the YMCA more broadly has achieved a high level of success in terms of attracting and retaining staff. In our efforts to be an employer of choice, the structure and employment policies of the YMCA form part of a successful organisational model that generates high levels of good will, a strong sense of loyalty and a broad adoption of the organisational philosophy by staff and volunteers.

Elements of the YMCA organisational model that contribute to this success include, but are not limited to:

- Employee benefits including access to salary packaging, flexible working hours, family-friendly workplace policies and access to health and fitness programs;
- Organisational diversity: Employees can gain a range of skills and employment experiences through the diversity of employment opportunities within the one organisation;
- Opportunities for input into strategic development: Staff have the opportunity through a variety of mechanisms to have input into the future directions of the organisation and strategic priorities;
- Shared Leadership Structure: This provides an internal structure and mechanism for voluntary Board Members to engage in the strategic thinking of the YMCA in Australia and contribute to directing the future priorities of the organisation;
- Transparency and accountability: The National Office of the YMCA undertakes an internal auditing process to ensure that YMCA Member Associations maintain the highest level of transparency and accountability;

- Organisational structure and style: The YMCA operates under cost-recovery model in a number of our program areas that allows us to maintain a core focus on providing much-needed services and programs to local communities. While being a national organisation, the YMCA also has the capacity to remain highly responsive to the changing needs of families and communities at the local level. Staff and volunteers alike place a high degree of value on working within a national professional organisation while having the ability to work closely with local communities; and
- Valuing volunteers: As with many organisations, the work of the YMCA is reliant on the commitment and skills of our 3,000 volunteers and we have a number of mechanisms to support and recognise the immense contribution that our volunteers make.

3.0 Access to financial resources

What are some of the key issues in terms of gaining access to financial resources?

The YMCA in Australia receives funding and revenue from a range of sources with approximately 4% derived from government sources and 2% through contributions from philanthropic bodies and donations from the public. The remaining 94% of revenue is derived from the provision of YMCA services and programs to the community, which are operated on a cost-recovery basis. This enables the YMCA to invest in local community strengthening programs and provides us with a high degree of sustainability, independence and a capacity to remain financially viable while continuing to be mission-focused.

The ability of not-for-profit community organisations to access funding and finances from a range of sources allows for a greater degree of flexibility in terms of program innovation, service planning and strategic development. Greater support from all levels of government, particularly the Federal Government in funding innovation that builds on successful community initiatives will greatly enhance the capacity and diversity of not-for-profit organisations.

The trend in recent years, particularly on the part of Commonwealth agencies, towards competitive tendering and complex contractual arrangements for the provision of community services has, however, significantly eroded innovation in the sector and has diminished the capacity of the sector to work effectively in a collaborative manner. Many would also argue, that while competitive tendering may have benefited larger, more established organisations there are many, highly innovative and effective local organisations whose specialist knowledge and experience has been sidelined in the process. In addressing this, it will be critical for the Federal Government to review funding processes to facilitate greater collaboration and innovation in the not-for-profit sector.

In conclusion, YMCA Australia would like to commend the Productivity Commission for undertaking this unprecedented work and looks forward to responding to the draft report as it becomes available.

We anticipate the outcomes of this study to provide a fundamental platform from which the not-for-profit sector, the private sector and the Australian Government can begin to redevelop the collaborative frameworks under which we currently operate. This, we hope, will elevate the status of the not-for-profit sector as we work together to achieve a more socially inclusive Australia.

If you would like to discuss any aspects of this submission, please do not hesitate to contact us.

Yours faithfully,

Mr. Nicholas Cox
Acting CEO
YMCA Australia