GOVERNMENT AND THE NONPROFIT SECTOR IN AUSTRALIA: AN OVERVIEW

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Community organisations are not run to make a profit for owners or shareholders and are not under the formal control of government. As a class they differ in important ways from both for-profit and government organisations. They differ in the ways they are governed, in the variety of their sources of income and in their frequent reliance on volunteers.

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1. **INTRODUCTION**

This paper begins with an overview of the private, not-for-profit sector in Australia. It then focusses on the relationship between private, nonprofit organisations and governments, drawing on two research projects-in-progress. The first part of this section delineates growing financial support for nonprofit organisations by governments, but also growing government dependence on nonprofits. The second part takes a longer perspective and traces major shifts in the pattern of government/nonprofit relations over the past two hundred years. This section concludes by examining the changing pattern of relationships over the last decade and identifying likely future developments. The paper ends with brief suggestions for future research.

2. **OVERVIEW OF THE NONPROFIT SECTOR IN AUSTRALIA**

Organisations which are neither government nor organised for profit play an important part in many aspects of Australian life today. In some cases it is a dominant part. Yet this is hardly recognised and they are rarely studied.

In education, a little over a quarter of primary and secondary school pupils attend private, nonprofit schools, mostly Catholic; the remainder attend government schools. The percentage attending private schools is growing. Preschool education reflects a similar distribution, but long day child care is divided 3:1 between nonprofit and commercial provision. In the health sector, most older hospitals started as nonprofit organisations, but many have come to be run by state government health departments and for years have been known as public hospitals. None the less, in 1986, private hospitals supplied 23% of all hospital beds; 50% of these were provided by nonprofit hospitals, mostly religious and charitable organisations but some community-based. Other private hospitals are operated for a profit. One-third of nursing home beds are provided by nonprofit organisations, compared with 46% which are operated for a profit. The remainder are directly operated by state governments. Reflecting their origins as friendly or mutual benefit societies, many private health insurance
providers are nonprofit organisations. So too are credit unions which provide almost twenty percent of personal and consumer finance. Indeed Australia's largest life insurance company, the AMP Society, is still, formally, a mutual benefit, or nonprofit organisation.

More than half of all welfare services are provided by nonprofit organisations. These include family support services, emergency accommodation, hostel accommodation for older people and services to people with disabilities (the only exception being services for the severely mentally ill, which are state government provided). A vast web of self-help and advocacy organisations lobby government in the health and welfare fields. Some housing finance is provided by nonprofit building societies. A vast network of sociality/fund-raising bodies, loosely called community service organisations, of which Rotary and Lions clubs are perhaps the best known, provide funds and labour to various local projects. The burgeoning green or environment movement is entirely non-government and not-for-profit. Almost all sport, from little athletics to horse racing and the major national football competitions is organised by nonprofit organisations. So too are other recreational pursuits, from bush walking to bridge. Registered clubs, a major recreational resource for many Australians are also nonprofit, as are many bodies catering for young people, such as scouts. Surf lifesaving clubs, an important part of Australia's coastal culture, are nonprofit organisations. So too are bush or country fire brigades and many small cultural organisations such as drama clubs and local history societies. By contrast, most large cultural organisations are government bodies. In the field of industrial relations, trades unions and employer associations are nonprofit, as are many of the organisations providing training and work experience to the long-term unemployed. Private nonprofit organisations play an important part in the provision of Australia's overseas aid, but they are overshadowed by government efforts.

In few fields are nonprofit organisations the only providers. In some they exist alongside government providers; in others, commercial or for profit organisations. In many fields all three types of organisations operate, sometimes in distinctive niches, sometimes in competition.
In most of the fields mentioned above, nonprofit organisations receive some form of assistance from government. Most will pay no tax on their income, donations to some will reduce the donors taxable income; many local bodies will pay no or low rates (local taxes) and may receive facilities rent free from local governments. Direct subsidies from all three levels of government abound. Subsidies usually entail some degree of government direction, but even unsubsidised organisations will have their activities regulated in some manner, though rarely with any sort of rigour.

In some fields, the existence of nonprofit organisations was once the source of great controversy. The 1870's decision by the Catholic Bishops in Australia to pursue a separate school system was a cause of deep social division for another ninety years. Only in the past twenty-five years have governments subsidised Catholic schools. Many health insurance organisations were once friendly societies, employing general practitioners to provide medical services to their members via a lodge system. But fifty years of campaigning by doctors against these arrangements culminated in the destruction of the lodges, and a new role for the friendly societies as providers of health insurance. Two housing booms in Australia, in the period immediately after World War II and in the 1960's, were largely financed by nonprofit bodies. The first was facilitated by co-operative housing societies, mutual benefit organisations, which, with a government guarantee, borrowed funds from the banks and lent them to their members; the second by permanent building societies which were established by the co-operative societies, taking deposits from the general public and lending them out as housing loans. Some producer co-operatives still exist in the rural and fishing industries, but neither producer nor consumer co-operatives have the importance they had fifty years ago.

Finally, while many nonprofit organisations are managed, and their services provided by paid staff, the great majority employ the services of volunteers in some ways. Some, particularly in the recreation field entirely depend on volunteer labour. However, in some fields, government organisations also use volunteers, for fund raising, as guides or to provide personal support.
Not much is known about nonprofit organisations in Australia. The regular government statistical collections provide little help. The Australian Bureau of Statistics (ABS) records government grants to nonprofit organisations by government purpose, but does not clearly distinguish between the levels of government making the grant. National Account figures lump nonprofit organisations with unincorporated, for profit organisations as part of the household sector. Labour force data either does not distinguish the characteristics of the employing organisation or lumps "nonprofit" with "for profit" in a grab bag "private" category. As well, the classification of industry subdivisions is such that while one subdivision (Welfare and Religious Institutions) can be identified as almost entirely occupied by nonprofit employees, that covers only a part of the nonprofit workforce.

Better quality data is available for certain fields where nonprofit organisations play a prominent part, largely because the Commonwealth government subsidises all (or almost all) organisations in those fields. It exists for hospitals, nursing homes, schools, and child care centres, but it is mostly unpublished.

One-off surveys of nonprofit organisations in particular fields of endeavour provide additional information, often in great detail. However, such surveys are difficult to generalise from as they create their own classification schemes which invariably are incompatible and cut across categories used by the ABS.

The most important of these studies was conducted by the Social Welfare Research Centre (SWRC), based at the University of New South Wales and funded by the Commonwealth government, in August 1981 (Milligan, Hardwick and Graycar, 1984; Graycar and Jamrozik, 1989). It surveyed a national sample of nearly 2000 non-government welfare organisations receiving responses from almost 600. It defined "welfare" very broadly, to include large areas of health and housing, but excluded schools, hospitals and most organisations providing cultural and recreation services. Much of the study was devoted to exploring differences between categories of organisations and between states, but an attempt was made to derive some national estimates of the size of the non-government welfare sector. However, its sampling was flawed in an
important respect, inflating its estimates of the size of the nonprofit workforce and its level of government support by a factor of three. Nevertheless, it provides a valuable guide to a set of nonprofit organisations and some use will be made of it below.

Overall, about 370,000 Australians are employed, full-time and part-time, by private, nonprofit organisations. This estimate is derived from ABS labour force data (ABS, 1989). This is a little less than five percent of the workforce. By comparison, one quarter of the Australian workforce is employed by government departments or public trading enterprises. Nonprofit organisations also draw heavily on volunteers. The organisations in the SWRC sample employed almost twice as many volunteers as paid staff, but for an average of only four hours per week. No data is available on the extent of volunteer effort mobilised by all nonprofit organisations. It is clearly considerable and an important resource which must be taken into account in any estimate of the economic contribution of nonprofit organisations.

Nonprofit institutions receive funds from a variety of sources. For the sample of organisations in the SWRC study, 36 percent of income came from governments, 25 percent from donations and public appeals, 10 percent from user fees and 12 percent from membership fees. In Australia, donations to many (but by no means all) nonprofit organisations are deductible from the donor's taxable income. Recent estimates by the Australian Treasury put the revenue foregone from that source at $111 million in 1986/87 (The Treasury, 1988). They do not provide a figure for the actual size of donations for which tax deductions were claimed. An average tax rate of about 25 percent would suggest a figure of some $440 million. A recent survey estimated that in 1988 Australian gave $869 million to charities (Milburn, 1989). Many of these donations would not have been tax deductible.

The SWRC study demonstrated that corporate philanthropy is relatively unimportant for most welfare organisations, constituting only one percent of the sample's total income. A recent survey of the top fifty Australian companies, soliciting information on the size of their corporate donations received a positive response from only twenty five. Some refused to provide information on the grounds that they did not
wish their generosity to be known; they claimed to fear an avalanche of requests for help. Those who did reply claimed they donated a total of $18m (Bagwell, 1989). This figure was certainly inflated by bicentenary induced generosity. It included some very large single donation items and some sponsorship arrangements. Corporate sponsorship is probably a more important source of funds for nonprofit organisations than is corporate philanthropy, but is concentrated almost entirely on the arts and sporting events. The Australian Opera alone received $2.3 million in corporate sponsorship in 1987/88 (Roach and Eccles, 1988), but it is sport that benefits most from corporate sponsorship with over $2 million being given to the Victorian Racing Club by a brewing company to spend on the famous Melbourne and Caulfield Cup horse races. An estimated $70 million a year was spent by corporations on sports sponsorship in 1988 (Neales, 1988).

The SWRC study indicated that government subsidies provided 36 percent of income. However, 37 percent of organisations received no government support and of the 63 percent that did, that support constituted almost 60 percent of their income. Estimates based on ABS Government Finance data for 1978/79 suggest that the total income of what the SWRC study defined as nonprofit "welfare" organisations was one billion dollars. This would be over two billion dollars in current values. It is not possible to estimate the total income of all nonprofit organisations. However, in 1986/87, government grants to nonprofit organisations totalled $3.4 billion, or a little over three percent of all government outlays.

Little research has been done on the management of nonprofit organisations in Australia. A distinction most frequently drawn in Australia is between community managed and traditional organisations. It is at best a fuzzy distinction, but points to some important differences.

Community managed organisations are mostly small and locally based. Boards are sometimes elected by users, sometimes by any members of the local community who attend the organisation’s annual meeting. Sometimes they are appointed by a local council or by a local clergyman. Sometimes they are self perpetuating. A constant theme of popular
writing about community organisations is the tension between the volunteer board and their usually paid staff. Pressure from governments and from insurance companies (as a condition for obtaining public liability insurance) means that almost all community managed organisations are incorporated. Some are required to have a government nominee on their board; many have public servants in a voluntary capacity anyway. Some local organisations operate more as branches of a state-wide body. These parent organisations are usually traditional.

Organisations that are called traditional are usually at least thirty years old and are probably quite large in size. Most are incorporated, some by their own act of parliament. Their boards are more likely to be self appointed though some are elected by their membership. Many have links to religious denominations which control or influence appointments. Traditional organisations are usually organised along traditional bureaucratic lines; the management of some is quite autocratic.

3. RELATIONS BETWEEN GOVERNMENTS AND NONPROFIT ORGANISATIONS

In several Australian service industries, private nonprofit organisations are significant providers alongside for profit firms. The most notable of these industries are health (especially the hospital sector), aged care, leisure, child care and personal and housing finance. In the first three cases, governments are significant providers as well. For the most part, relations between for profit and not-for-profit organisations are distant; in some fields (such as child care), hostile. In many cases (in most starting in the nineteenth century), commercial providers were active before nonprofits, but provided a service which was inaccessible to many classes of people, and was thought to be of low quality and exploitative.

By contrast, in all fields where they are active, nonprofit organisations interact with government agencies which regulate and frequently subsidise them. In a few cases (eg schooling), they compete with government providers; in some other instances they are closely
controlled, even exploited by government officials; in most cases the relationship is based on a reluctant recognition of mutual interdependence.

The precise character of the relationship between government and private nonprofit organisations will vary between fields of service (or industries), and even within fields. Those relationships will depend on many factors peculiar to the field, including the type of service, the extent to which each side depends on the other, the activities of other groups and the recent history of those relationships. Consequently, it is difficult to generalise about government/nonprofit relationships across fields of service. However, the pattern of relationships within each field is affected by significant events and movements which are external to the field and which shape the perceptions and activities of those within. Thus, wars and depressions, the changing preoccupations and priorities of governments, the emergence of social movements and secular demographic and economic changes can all produce more general changes in the pattern of government/nonprofit relationships. Generally those external factors will be mediated by actors within particular fields, but it is sometimes possible to identify similar forces for change at work in several fields at the same time.

There are many ways of identifying salient features in the changing pattern of government/nonprofit relations. One way is to analyse patterns of government support for nonprofit organisations. This enables research at least to begin with a useful degree of specificity and provides a helpful sense of proportion. It is difficult, though, to obtain comparable data for more than the last twenty years and this limits analysis to the recent past. The other method overcomes that problem. It uses the conventional historian's survey, detecting patterns from the 200 year sweep of history since European settlement. For much of the period, it relies on secondary sources, reporting patches of research rather than a systematic study. It can however, provide a useful corrective to any tendency to believe that current developments are unique or that past times were a golden age.
3.1 Direct Government Support for Nonprofit Organisations.

Initial work on ABS Government Finance data suggests that over the decade 1976/77 to 1986/87 direct support for nonprofit organisations by all levels of government in Australia has more than doubled in real terms. Table 1 provides data for eight fields which account for 95 percent of all government support for nonprofit organisations. They show considerable variations between fields with the most spectacular being in employment and training, but from a very low base in 1976/77. Of those fields with significant levels of expenditure in 1976/77, welfare services saw the greatest increase, tripling in value over the decade, whilst recreation and culture doubled.

<table>
<thead>
<tr>
<th>Field</th>
<th>1976/77</th>
<th>1986/87</th>
<th>Percentage</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary/Secondary Education</td>
<td>300</td>
<td>1148.4</td>
<td>91%</td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td>140</td>
<td>486</td>
<td>73%</td>
<td></td>
</tr>
<tr>
<td>Welfare Services</td>
<td>90</td>
<td>556.5</td>
<td>208%</td>
<td></td>
</tr>
<tr>
<td>Community Development</td>
<td>13</td>
<td>13.3</td>
<td>-49%</td>
<td></td>
</tr>
<tr>
<td>Recreation and Culture</td>
<td>65</td>
<td>346</td>
<td>103%</td>
<td></td>
</tr>
<tr>
<td>Employment &amp; Training</td>
<td>0.7</td>
<td>150</td>
<td>10614%</td>
<td></td>
</tr>
<tr>
<td>Research</td>
<td>13</td>
<td>106</td>
<td>308%</td>
<td></td>
</tr>
<tr>
<td>Foreign Aid</td>
<td>0.6</td>
<td>7</td>
<td>483%</td>
<td></td>
</tr>
<tr>
<td>All Fields</td>
<td>695</td>
<td>2968</td>
<td>213%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Unpublished ABS Government Finance Data
However, these figures do not tell us whether governments came to rely more heavily on nonprofits in these or other fields over the decade. Table 2 shows for each field, government support for nonprofit organisations as a percentage of total government outlays in that field.

From this it can be seen that governments came to rely only a little more on nonprofit providers in the field of welfare services and recreation and culture. That is, big percentage increases in government grants to nonprofit organisations in those fields over the decade were matched by large increases overall in government expenditure. Of the high expenditure fields, it was in schooling that governments came to significantly rely more on nonprofit organisations. Overall, though, employment and training experienced the largest increase, reflecting the Commonwealth government's heavy dependence on community organisations for the extensive and relatively expensive work experience programmes it started in the aftermath of the 1982/3 recession.

<table>
<thead>
<tr>
<th>Field</th>
<th>1976/77 Total Govt. Spending</th>
<th>1976/77 Govt. Support to Non-Profit Organisations</th>
<th>1986/87 Total Govt. Spending</th>
<th>1986/87 Govt. Support to Non-Profit Organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>($Millions)</td>
<td>Amount</td>
<td>As % Total Govt Expenditure</td>
<td>($Millions)</td>
</tr>
<tr>
<td>Primary/Secondary Education</td>
<td>3,000</td>
<td>300</td>
<td>10%</td>
<td>8,200</td>
</tr>
<tr>
<td>Health</td>
<td>4,100</td>
<td>140</td>
<td>3.4%</td>
<td>14,000</td>
</tr>
<tr>
<td>Welfare Services</td>
<td>400</td>
<td>90</td>
<td>22.5%</td>
<td>2,500</td>
</tr>
<tr>
<td>Community Development</td>
<td>230</td>
<td>13</td>
<td>5.7%</td>
<td>260</td>
</tr>
<tr>
<td>Recreation and Culture</td>
<td>730</td>
<td>85</td>
<td>12%</td>
<td>3,030</td>
</tr>
<tr>
<td>Employment and Training</td>
<td>230</td>
<td>0.7</td>
<td>.10%</td>
<td>1,200</td>
</tr>
<tr>
<td>Research</td>
<td>180</td>
<td>13</td>
<td>7%</td>
<td>900</td>
</tr>
<tr>
<td>Foreign Aid</td>
<td>400</td>
<td>6</td>
<td>.15%</td>
<td>807</td>
</tr>
</tbody>
</table>

Source: Unpublished ABS Government Finance Data
3.2 Changing Patterns of Government/Nonprofit Relationships. Patterns of government financial support for nonprofit organisations, while interesting, leave many questions unanswered. One set of such questions concerns the longer term pattern of relationships between government and nonprofit organisations: the changing characteristics of these relationships and the factors which shape them. Such questions require research that combines historical methods with contemporary political and organisational analysis. A preliminary survey suggests that it is possible to identify six phases in the pattern of government/nonprofit relations in Australia since the beginning of European settlement.

From the early 1800s-1860s, nonprofit organisations concentrated on the relief of poverty and distress and on the provision of schooling. Organisations pursuing the former goal were started by members of the social elite, those pursuing the latter by the major religious denominations. All were subsidised by government, but by the 1850s most colonial governments had begun their own system of schools because of the inefficiency of denominational provision.

From the 1870s to World War I, governments took over most nonprofit organisations that they had previously subsidised but at the same time there was a flourishing of nonprofit activity in the same fields and elsewhere. Governments took over most denominational schools, partly from a desire to achieve efficiencies and partly to remove what they saw as major source of sectarian discord. However the Catholic Bishops refused to cooperate and kept their schools independent of government systems and without government subsidy (Gregory, 1973). In the field of charitable relief, governments took over those residential facilities for the indigent and aged or for young children which they had previously subsidised. In the latter case they closed down the institutions, initially putting children into foster care. In New South Wales, at least, they soon began to pay a regular stipend to the child’s natural mother (Dickey, 1987). Similarly, by the turn of the century, most Australian states had introduced pensions for the aged and for people with disabilities (Kewley, 1972). The provision of income support, effectively as a right, to certain classes of people, was a development only a government could initiate. Nonetheless, for some it was inadequate. Government-provided residential accommodation for the
chronically ill aged remained but did not expand. It was left to nonprofit organisations to meet slowly increasing demand. Nonprofit children’s homes expanded more rapidly to provide a service to mothers who were unable to keep a child but did not want it fostered. Both of these nonprofit initiatives were without government subsidy until the next period. They were mainly a product of the religious denominations (O’Brien, 1988). By contrast with other residential services, hospitals, also the product of initiatives by the social elite or religious denominations, remained nonprofit, but experienced increasing government control in return for increasing levels of subsidy (Dickey, 1987).

In addition to a flowering of denominationally based initiatives in the charitable sector, the period saw a flourishing of mutual aid organisations, drawing their membership from the middle and respectable working classes. Based on British models, friendly societies enrolled up to forty percent of the population, providing in return for membership, free medical care, sickness and funeral benefits. Each local branch or lodge contracted with doctors to provide medical services to lodge members (Green and Cromwell, 1984). Often contracts were let after competitive tendering. This practice was strongly opposed by doctors’ organisations which for eighty years conducted a campaign against the lodges. Flourishing too, from the 1870s until the long depression of the 1890s, were building societies organised along mutual benefits lines (Butlin, 1964). Governments largely stayed clear of the mutual aid developments saving only to insist on actuarially sound management practices. These mutual aid organisations flourished at a time when Australia’s per capita income was the highest in the world and when the emergence of trades unions and employer associations prefigured the formation of class based party politics in the first decade of the new century.

From 1920s to World War II, the only change in the pattern of government/nonprofit relations was an increasing preparedness by state governments to provide modest subsidies to nonprofit organisations providing charitable relief and residential support. The Commonwealth government provided little support to nonprofit organisations. The period saw a conservative middle class come to dominate Australian
political life and the foundation and flourishing of nonprofit community service organisations such as Rotary, Lions and Apex Clubs. It also saw a state government initiative to revitalise housing finance by encouraging the formation of mutual aid or co-operative building societies, providing them with a government guarantee and encouraging the banks and insurance companies to lend them money which would then be distributed among their low to middle income members to be repaid over a twenty years. It proved a highly successful initiative (Lyons, 1988).

From 1946 to the 1960s, the Commonwealth government, which had emerged from World War II fiscally dominant over the states, began to subsidise certain nonprofit initiatives in an increasingly generous way, but not before destroying the lodge system of medical provision in the interest of fee-for-service medicine. The major objects of Commonwealth subsidies were schools, aged persons accommodation including nursing home care, and hospitals. In the case of the first mentioned, the Commonwealth government succumbed to state government exhortations to help fund a massive expansion of secondary schooling and university education, but, in quest of Catholic votes, also made non-government, mostly Catholic schools eligible. In the case of the last two mentioned, commercial providers also were eligible for government subsidies and flourished as a consequence. The major nonprofit initiative in the period was the formation of large number of new organisations providing care for people with certain disabilities. Mostly these were formed by parents of children with particular types of disability. These soon received support from state and Commonwealth governments.

The late 1960s to the 1970s saw a flourishing of community managed organisations. These were supposed to return power to ordinary people, and were formed as a protest against a perceived professional and bureaucratic dominance of many services. Community organisations were also said to be more cost-effective than governments. The source of these community initiatives were mostly young people, university educated, the first products of the massive expansion of universities in the 1960s. Many found employment in government departments and encouraged government support for, even sponsorship of community initiatives. These initiatives flourished in many fields and the period
saw a great expansion of community-based child care centres, neighbourhood centres, health centres and the like. It saw a considerable growth in government subsidies to nonprofit organisations (Birkett and Montgomery, 1977). It also saw the emergence of articulate groups of consumers of health and welfare services demanding special services or services shaped by their values. Most prominent were women's groups demanding refuges and women's health centres, and organisations of people with disabilities.

However, other forces were also at work. In the field of schooling, two developments occurred that became more widespread in the 1980s: government takeovers and targeting. In several states, governments took over a number of previously nonprofit government subsidised special schools (for children with disabilities). The Commonwealth government significantly expanded its subsidies for non-government schools, simultaneously adjusting the way it made funds available. Schools were graded according to the quality of their facilities and their ability to raise income by fees. Per-pupil grants were adjusted to give larger amounts to poorer schools.

Governments also indicated a preference for subsidising nonprofit rather than for profit providers. In the early 1970s, concerned about the rapidly increasing cost of nursing home subsidies, going largely to a rapidly expanding commercial sector, the Commonwealth government offered to underwrite all the costs of nonprofit organisations if they would expand their provision of nursing home beds. The government believed that nonprofits would provide high quality care at lower costs, but they did not (Kewley, 1980). In 1972 the Commonwealth government began to offer subsidies to nonprofit organisations to start child care centres. One reason was to provide competition to commercial centres and force them to raise the quality of their care. These subsidies encouraged a considerable expansion in the number of child care places. Only in 1990, after a long campaign and support from certain influential groups within the Commonwealth bureaucracy, have commercial child care centres won the right to obtain government subsidies to enable them to reduce the fees charged to low income users.
The late 1970s saw growing criticism of the size and scope of governments. For a time, this helped nonprofit organisations and their supporters within government. They were encouraged to expand their services in lieu of government provision, but by the 1980s, government support was becoming more selective.

During the 1980s, relations between government and nonprofit organisations have been shaped by major attempts to reduce the scope of government and recast its management. Nonetheless, possibly because Labor governments have been in office nationally and in most states during the period, Australia has not experienced the dramatic cuts in government support for welfare programs or nonprofit subsidies that seem to have occurred in the United States (Salamon, 1989). Government social expenditure has not been reduced, but it has been, in the prevailing discourse, more closely "targetted" on those with low incomes. Relations between governments and nonprofit organisations have been characterised by increasing attempts by governments to exercise control, but more from a desire to see government funds used more efficiently, effectively and equitably, than by desire to exert control as such.

Nonetheless, the independence of some nonprofit organisations has been extinguished. The slow process which began a century earlier, of bringing government subsidised nonprofit hospitals (the so-called public hospitals) under direct government control reached its culmination whilst all direct government subsidies to private hospitals (both commercial and nonprofit) were withdrawn. In NSW, a network of community based organisations providing domiciliary care services was taken over by the state government which, with the Commonwealth, had been financing a massive expansion in its services. As noted above, the same state government a decade earlier had taken over a number of nonprofit, government subsidised special schools in order to encourage the movement of many such children into mainstream schools. Responding to similar pressure from professionals and consumer advocates, the Commonwealth government considerably expanded its subsidies to nonprofit organisations providing services to people with disabilities but required in turn massive changes in the provision of those services in the direction of de-institutionalisation and normalisation. Methods for determining subsidies for nursing homes were changed to make them
uniform across the country. They applied to for profit and nonprofit homes alike. Organisations wishing to receive subsidies have had to guarantee a minimum set of residents rights and admission procedures, designed to ensure that only people who need a high level care are placed in nursing homes, have been considerable strengthened.

Whilst continuing to encourage nonprofit initiative in fields that had become their preserve, governments have moved to adopt a more planned approach. In the 1970s, organisations that wished to receive government capital and recurrent subsidies to provide a service simply made a submission and were funded on a first come, first served basis. Now governments are more precise about where they wish to fund new services and try to target them in areas of high demand and low supply. This is particularly true of Commonwealth government programs. More generally, governments increasingly have come to organise their variety of subsidies into programs with specific objectives and set out their expectations of the nonprofit organisations they subsidise in the form of contracts. However, they have not sought to award contracts by competitive tender. This is possibly because to do so might force them to pay the full cost of the service. In most cases, governments still rely on nonprofit organisations contributing some resources of their own, either finance or voluntary work time.

In some services, child care and nursing home care in particular, contradictory pressures acting on the Commonwealth government catch providers in something of a bind. The government wishes to provide a limited subsidy only, allowing the provider to cover most of its costs from fees, but on the other hand it feels obliged by fiscal and electoral pressures to prevent providers from charging too high a user fee. Some interests within the Commonwealth government have suggested resolving the impasse by subsidising consumers rather than providers by way of means-tested vouchers. This would enable the government to withdraw from intruding too closely into the market for these services. However, other interests have warned that to cease regulating fees would see them blow out and, as a consequence, considerably increase the cost to the government of its vouchers. So far these more prudent interests have prevailed.
At a more general level, the movement to reform the management of government organisations via corporate management techniques has had ramifications for government/nonprofit relations (Considine, 1988(a); 1988(b)). These reforms have sought to bring the vast array of government activities under closer ministerial control by utilising such techniques as corporate planning, programme evaluation and performance appraisal. Incidentally, the reformers have sought to reach out to impose their view of order on the vast array of nonprofit organisations that are in some ways sustained by government. This has been most pronounced at the state level where, over the decade, there have been at least a dozen enquiries into the funding of nonprofit agencies. Mostly these have recommended greater accountability to government by nonprofits and the wider use of performance indicators and evaluation. In practice, in most cases, little has changed. Not many government employees are expert in the new management techniques and nonprofit agencies are adept at resisting over-much control.

In the future, tendencies noted in the 1980s such as the increasing use of managerialist techniques, and greater targeting of government subsidies will continue. The capacity of consumer groups to influence governments to pressure nonprofit, government subsidised providers to change their ways, already seen in the disability services and aged care fields, is likely to continue and produce a growing tension between those two products of the 1970s: consumerism and community management. This is because consumers are coming to demand readily available, good quality services. There is a growing belief that these are likely to be provided by larger organisations that can hire more specialised staff and offer them further training and a career path.

This pressure is reinforced by two other developments. The first is the hostility of feminists to the continuing exploitation of women in the health, education and community service industries. The workforce in these industries is predominantly female but the management is mostly male; the wages are generally low, skills are often un- or under-recognised and work is available often only on a part time basis (Wheeler, 1986; Walker, Manning and Howe, 1987). The second development is a new interest by sections of the trade union movement in those industries in which nonprofit organisations are well represented. This
interest has two aspects. Partly in response to the growth of community services such as child care and aged care over the past decade, trade unions are moving to obtain industrial awards for those large sectors of community services industry which has been award free. Industrial awards set standards of pay and other working conditions which are mandatory on employers. They cover most sectors of the workforce, even where union membership is low. At the same time, the whole of the Australian trade union movement, to which over forty per cent of the workforce belong, is actively seeking the review and reorganisation of all industrial awards. This movement, known as award restructuring, began as a plan to revitalise Australia's ailing manufacturing industry that has spread to the whole workforce. Its essential aim is to produce a better trained and more broadly skilled workforce in each major industry sector. But in those industries which pay low wages, employers will have to increase pay rates over the next three to four years, in some cases by up to forty per cent. The trade union movement has identified health services and childcare as two priority areas for award restructuring.

These factors, coming together, are likely significantly to transform the structure and management of nonprofit organisations. Superficially, they would appear to encourage the expansion of existing large organisations and the amalgamation of smaller bodies. There are some signs that this is beginning to happen. Sometimes with government encouragement, larger traditional welfare organisations are beginning slowly to expand into fields of service such as tenants advice, previously the preserve of smaller community managed organisations. To counter these pressures, many in the so called community sector, who strongly desire to maintain its more innovative, participative forms of community management, are talking of improving its efficiency by developing loose forms of co-operative networking, and regional management services units to provide training and consultancy services.

One thing is certain. It is that wage rates will rise and with them the cost of nonprofit service provision. Governments may increase their subsidies but are more likely to target them more tightly still, requiring providers to rely more on raising fees from those who can afford them.
4. A RESEARCH AGENDA

The importance of private nonprofit organisations in contemporary Australian life and Australian history is largely ignored. What work there is focuses on particular fields of service or industries and does not recognise the existence of similar organisations in other fields. Three overlapping research agendas suggest themselves.

First of all, there is a need for more comprehensive and reliable data on nonprofit organisations. Data is needed on the number and size of organisations, the characteristics of their work force and management and the source and allocation of their funds. Some of this could come from current data collections such as those conducted by the ABS, but at present ABS data is of little value as it does not identify nonprofit organisations in its data collections. To fill in gaps we need detailed surveys of nonprofit organisations, such as the SWRC study, but perhaps before commencing a project as ambitious as that, we need surveys of more limited scope, but designed to provide an indication of the wider picture. Even reliable data on corporate and government support for nonprofit organisations, such as provided for Great Britain by the Charities Aid Foundation would be helpful, but Australian companies appear reluctant to provide the data.

Secondly, studies are needed of those industries in which nonprofit organisations are significant participants; studies which would focus on the interaction of nonprofits with governments and for profit organisations. Such studies should seek to estimate the economic contribution of nonprofit organisations, including their voluntary workforce. They should describe and seek to evaluate the organisational forms and management practices which predominate among the nonprofits in each industry. They also should have an historical dimension and should throw light on questions such as the reason for the formation of nonprofit providers and why and how they have continued. In time, the collection of such studies will enable an adequate history of nonprofit endeavours in Australia to be written.

Thirdly, and drawing on the first two agendas, we need as far as possible to adopt a comparative perspective in Australian studies or,
putting it another way, to include Australia in cross national studies of nonprofit organisations. Australia's inclusion in the Luxembourg income study has produced quite illuminating evidence that in comparison with like countries, Australia is characterised by significant inequalities and a miserly welfare system (Saunders, Hobbes and Stott, 1989). This evidence powerfully contradicts the conventional wisdom. Conventional wisdom also has it that Australia has a very small voluntary or nonprofit sector (largely because it has a very strong government sector). Evidence on that point will also help in the important task of reassessing Australia's history and future policy options.
5. REFERENCES


Milburn, C. " uitestuates give $869 m a year, poll finds" *Age*, 12 December, 1989.


