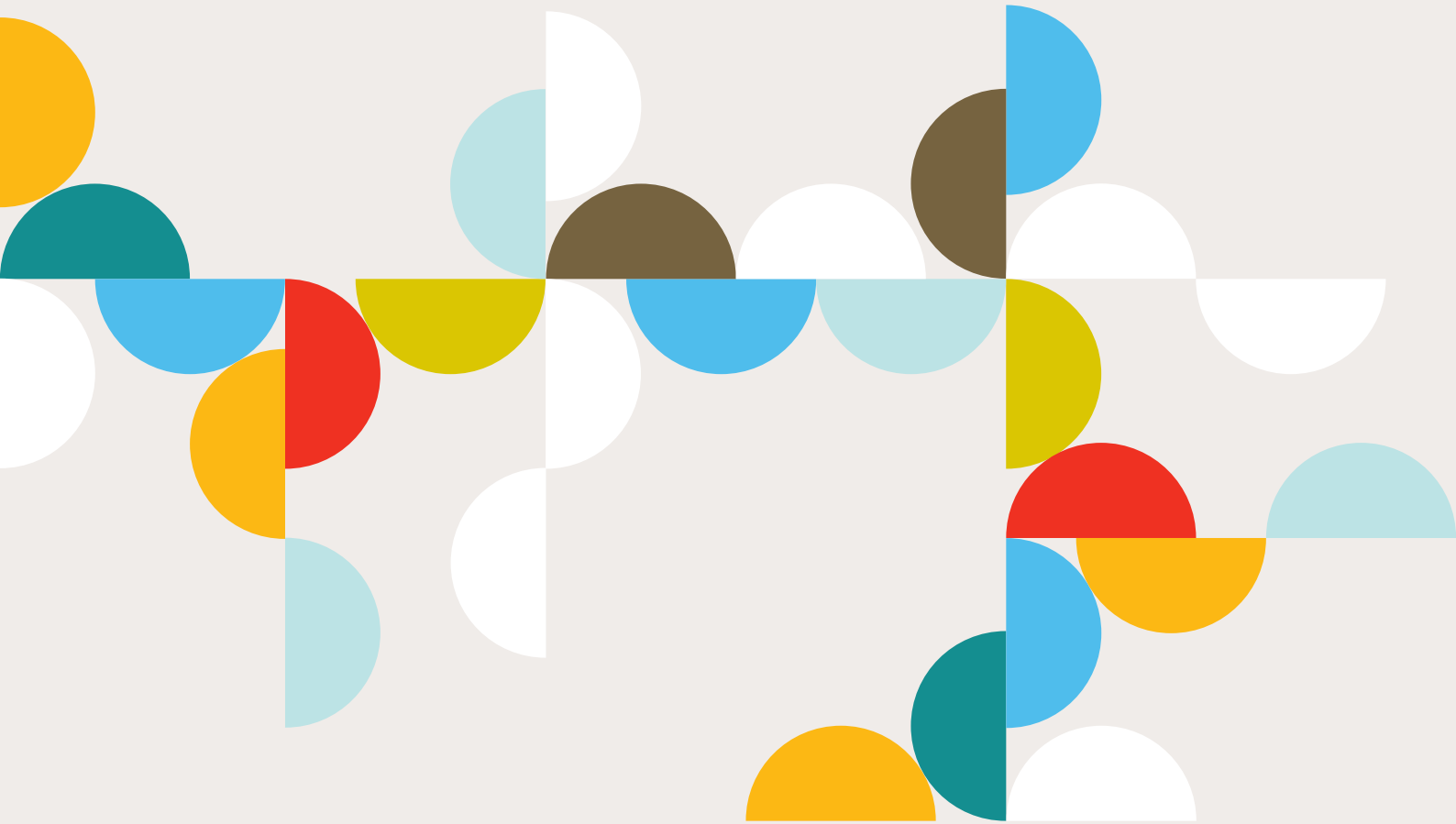


The Victorian Government's Action Plan: Strengthening Community Organisations





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Premier's Foreword



The Government is strongly committed to developing and supporting community and not-for-profit (NFP) organisations in Victoria.¹

This action plan builds on the Government's previous policies and commitments including *A Fairer Victoria*; *Growing Victoria Together – A Vision of Victoria to 2010 and beyond*; *Reducing the Regulatory Burden*; and our initiatives for the *National Reform Agenda*.

The action plan responds to two important reviews we commissioned, the *Stronger Community Organisations Project (SCOP)*; and the *Review of Not-for-Profit Regulation* led by the State Services Authority.

The Government welcomes these reviews and looks forward to working with the sector to implement the actions set out in the action plan, which sets out the Government's ambitions for strengthening the sector in the decades ahead.

Firstly, the Government will seek to ensure that, in its direct dealings with community and non-profit organisations, including regulation, contracting, grants and various forms of collaboration and partnership, it acts in ways which are simple, direct, easy to navigate and designed to maximise public benefit and value to the community.

Secondly, the Government will assist community organisations to invest in their own capabilities and long term sustainability, by broadening their services and activities, developing new skills and methods and establishing new partnerships, while remaining a diverse and dynamic sector.

In broad terms, the action plan will

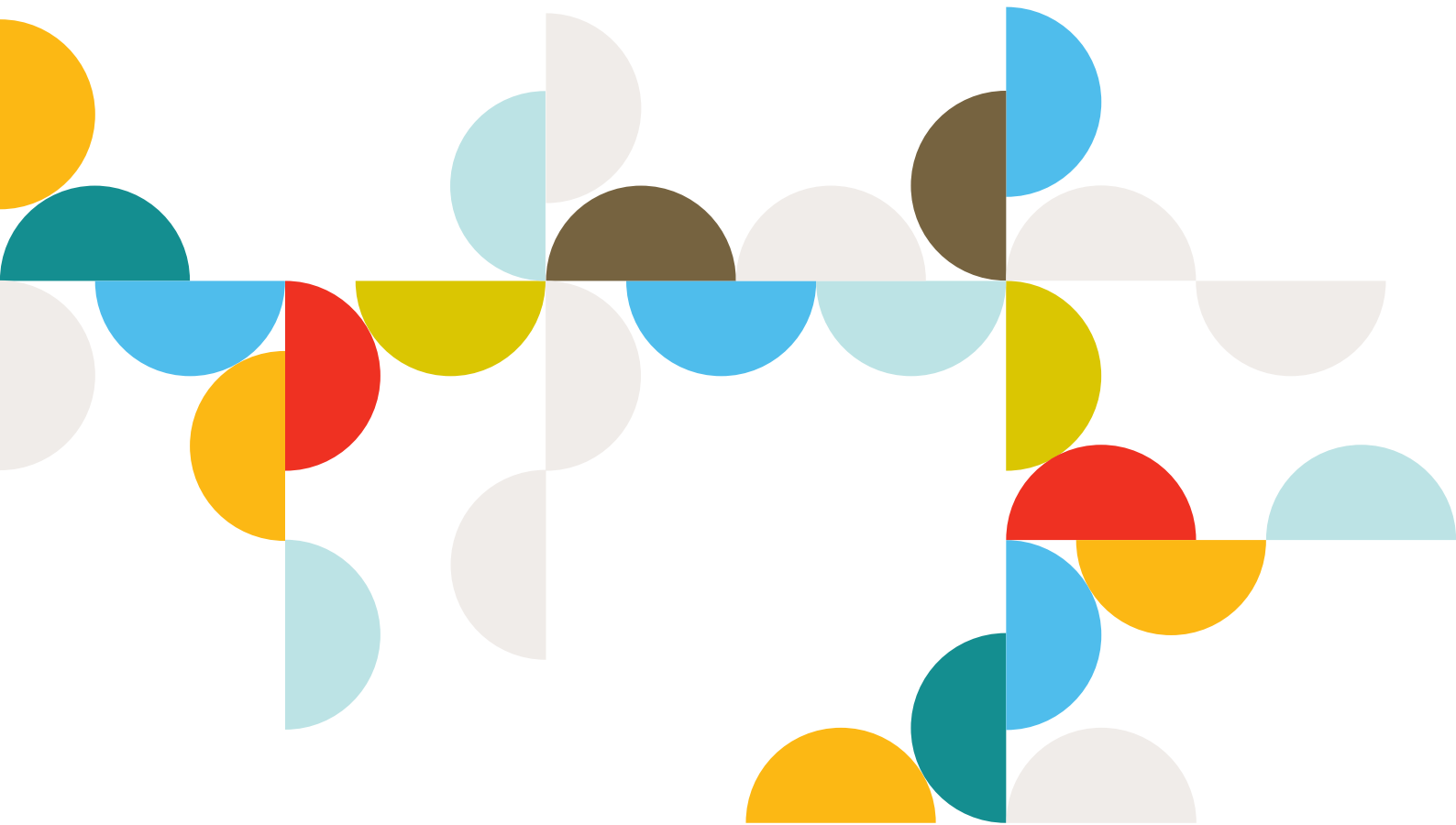
- develop partnerships between government and NFPs, and establish a long term agenda for the development of community organisations
- reduce the administrative burden faced by community and not-for-profit organisations
- promote innovation and efficiency in the provision of services
- establish a clear base of information and evidence for future decision-making
- strengthen collaboration and coordination across the Victorian Government, and
- pursue intergovernmental collaboration to enhance the operation of community and non-profit organisations across Australia.

These actions will be implemented immediately, with the new Office for the Community Sector overseeing the implementation process, in consultation with Victorian Government departments and agencies, and in particular with the sector itself.

A handwritten signature in black ink, appearing to read 'John Brumby'.

The Hon John Brumby MP
Premier of Victoria

¹ The terms 'community organisation' and 'not-for-profit organisation' are used interchangeably in this action plan.



Message from the Minister for Community Development – Peter Batchelor



Each day, Victoria's community organisations deliver services and support to individuals and families across this great state.

The community and not-for-profit sector plays a vital role in making our communities liveable, inclusive and fair. The sector delivers services across a broad spectrum of community need, including aged care, children's services, environment, social services, legal, sport, education and the arts.

In fact, in 2005-06, the community and not-for profit sector delivered around \$2.2 billion in government services.

This action plan is the Victorian Government's acknowledgement of the important work undertaken by the sector. It is also an acknowledgment of the challenges faced by the sector.

This action plan is the culmination of two very extensive consultations as part of the SCOP and SSA reviews.

I would like to thank everyone involved in the consultation processes, particularly those who made submissions to the SCOP. Your expertise and knowledge has been central to the development of this action plan, which will go a long way towards supporting the sector now and into the future.

Through this action plan, and other initiatives such as *A Fairer Victoria*, the Victorian Government is committed to supporting the sustainability of non-profit organisations so they can continue to contribute to the economic and social life of Victoria.

I'm delighted to join the Premier in presenting the action plan.

A handwritten signature in black ink, appearing to read 'Peter Batchelor'.

**The Hon Peter Batchelor MP
Minister for Community Development**





1. Our Goal: Strengthening Community and Not For Profit Organisations

The importance of the NFP sector

The Victorian Government strongly values the contribution of the estimated 120,000² community and not-for-profit (NFP) organisations operating in Victoria.

These organisations play an essential role in securing the high quality of life Victorians enjoy and in sustaining Victoria's liveability. Their diversity gives us the opportunity to have community services delivered in our neighbourhoods, undertake further study, play team sport, take part in cultural activities, and become involved in issues such as environmental sustainability.

This sector is often underestimated in terms of its economic importance. In 1999-2000, it contributed \$20.8 billion to the Australian economy – around 3.3 per cent of gross domestic product (GDP). Over the same period, NFP organisations employed over 600,000 people, which equates to 6.8 per cent of the total persons employed in Australia³.

Voluntary work in this sector is also significant. In 2006, 5.2 million people, or 34 per cent of the Australian population (aged 18 years and over), participated in voluntary work – contributing a total of 713 million hours to the community⁴.

Community and NFP organisations vary widely in size, function and ethos. They are involved in many different fields of endeavour and located right across the state. As well as organisations providing national or state-wide community services and social welfare, there are thousands of associations with a primarily local focus, led and used by volunteers to pursue many different interests and forms of recreation.

The Victorian Government recognises the invaluable knowledge and relationships that these organisations create in Victorian communities, and the level of engagement that many of them have with minority groups and marginalised communities whose engagement with mainstream institutions may be limited.

It also recognises that the engagement between communities and NFP organisations creates economic value by improving overall health and wellbeing, and by helping people to be in a better position to enter the workforce.

In recognition of this significant contribution, around \$2.2 billion per annum⁵ of the Victorian state budget is allocated to funding community organisations⁶.

2 SCOP, Report of the Stronger Community Organisations Project Steering Committee, 2007

3 ABS 2002. Figures for the period 1999-00.

4 ABS Voluntary Work Survey, 4441.0, 2006

5 SCOP, Report of the Stronger Community Organisations Project Steering Committee, 2007

6 The purpose, level and proportion of total funding received from Government vary across organisations. Many organisations exist independently of any Government assistance. There are also considerable differences in the basis of Government funding to different organisations, which in turn determines the nature of the relationship between Government and the organisation. Sometimes funds purchase services to be delivered by a NFP organisation on behalf of the State, for example, residential care placements for young people on statutory orders. On other occasions, organisations apply for a grant for a specific purpose, for example, to contribute towards the costs of a camp or to upgrade the ICT facilities at a Neighbourhood House.

Community organisations will play a growing role as services provided to the community become increasingly personalised and tailored to specific needs. Delivering better outcomes through collaboration between government agencies and service providers is essential to providing strong and effective community services.

Just as community organisations can help Victorians to thrive in changing times, the organisations themselves need support, investment and leadership to be sustainable.

Community organisations must be capable of keeping pace with the changes and opportunities presented by developments in our economy and society.

This action plan has two objectives:

- 1 to ensure that, in its direct interactions with community and non-profit organisations, government acts in ways which are simple, easy to navigate and designed to optimise value to the community.
- 2 to create an environment for community organisations to also invest in their own capabilities and long term sustainability.

The action plan

This practical action plan sets out the Government's priorities and ambitions for the sector in the decades ahead.

It builds on the Government's previous commitments and reflects widespread consultation with the sector. In particular, the action plan responds positively to the recommendations contained in two important recent reviews commissioned by the Government

- the report from the Steering Committee of the *Stronger Community Organisations Project*, chaired by Professor Allan Fels; and
- the *Review of Not-for-Profit Regulation* led by the State Services Authority (SSA).



Government strategy and policies to build stronger communities

This action plan builds on the Government commitments to strengthen communities.

Since its election in 1999, the Government has implemented a number of key policies designed to strengthen communities through modernising government's relationship with local governments, business, the community sector and citizens.

As well as a number of smaller programs and initiatives, this effort has involved four major pieces of work.

- **The development of *Growing Victoria Together (GVT)*.** GVT is a 10 year vision for promoting the sustainability of our environments, communities and industries. GVT provides the overall directions that underpin government's community strengthening policy and goals of:
 - high quality and accessible health and community services;
 - a fairer society that reduces disadvantage and respects diversity; and
 - building friendly, confident and safe communities.
- **The establishment of the Department of Planning and Community Development (DPCD).** Building on the former Department for Victorian Communities, DPCD extends the commitment to strengthen communities by connecting it more closely to urban and regional planning, design and building quality. DPCD focuses on the liveability of our cities and neighbourhoods, and the strength of our communities.
- **The release and implementation of *A Fairer Victoria (AFV)*.** First released in April 2005 and updated annually since, AFV is the Government's social policy framework with specific goals to address disadvantage and create opportunity. It includes clear strategies to build stronger communities and change the way government works, which are both aimed at increasing Victorians' participation and involvement in community life.
- **Reducing the regulatory burden.** The Government also continues to make efforts to cut red tape under the *Reducing the Regulatory Burden (RRB)* initiative. RRB finds ways to streamline and simplify the workings of government in its dealings with key sectors such as community and non-profit organisations.

In 2006, the Victorian Government made an election commitment to develop model legislation for NFPs, as part of its overall election policy on increasing efficiency and transparency within the sector.

Challenges

People involved in community organisations are well aware of the increasingly complex environment in which they operate.

More sophisticated services are being delivered; the expectations of citizens are rising and the forms of support that community organisations have traditionally relied on are becoming more difficult to execute. Even organising a fundraising sports game is not simple anymore.

In addition, there are broader economic and social changes - an ageing population, changing work patterns, changing family structures, rapid population growth in particular areas, and increasing social and cultural diversity.

Undoubtedly, these changes place increasing pressures on the ongoing operation and viability of many of our NFPs.

In this environment, it is important for all organisations to develop, with government and other partners, new and more efficient ways of doing 'business' – adopting good practice and learning from the experience of others.

However, behind this need lies a complex web of legislation and regulatory requirements, created by governments at different times to serve the public interest.

The Victorian Government is actively committed to reducing the regulatory burden on NFPs, and seeking simplicity and efficiency in the rules that follow.

Opportunities

The community sector is a vital contributor to the Victorian economy and society and an important complement to the roles played by business and government. It is critical that community and NFP organisations remain a dynamic, capable and highly trusted part of Victorian society.

The strength of this sector lies in its diversity and reach. In addition to their increasingly important role in the delivery of basic services (such as housing), NFPs can also lead the way in helping a wide cross-section of the community to become socially engaged and participate in Victorian life.

We want the NFP sector to be able to chart its own future and represent its overall interests. NFP organisations, regardless of size or focus, should be strong, develop practices which lead by example, and are capable of capitalising on their status to create new public value.

The broad changes sweeping our economy and society also present opportunities for innovation and the development of new ways to meet the varied needs and interests of Victorians.

Innovation will not just apply to an organisation's internal operations and management, but also to how it works with government, industry, academia, and with citizens themselves.

The more dynamic community organisations are, the more likely they are to attract the participation and involvement of Victorians. This participation is beneficial to the ongoing viability of individual organisations and the sector as a whole. It also contributes directly to healthier, happier communities and generally to a more productive economy.

The actions

Our actions are set out in five themes covering responses to the detailed recommendations of the two reviews and the strengthening of existing government support for the Victorian NFP sector.

The themes are

- i. reducing the regulatory burden and streamlining interaction with government**
- ii. building the capacity of community organisations**
- iii. supporting innovation and growth**
- iv. enhancing the role of NFPs in local community life, and**
- v. recognising community organisations and coordinating effort across government.**



2. Reducing the regulatory burden and streamlining interaction with government

Through this action plan, the Government will reform the key Victorian acts underpinning the establishment and operation of NFP organisations. These are

- the *Associations Incorporation Act* 1981 (AIA), and
- the *Fundraising Appeals Act* 1998.

In the 2006-07 Victorian Budget, the Government committed to a specific and ambitious target for reducing the administrative burden of State regulation, and to a program of reviews aimed at identifying where there is scope for simplifying and streamlining regulation. Within this framework, the Government recognises the undue administrative burden impacting on the NFP sector.

The Government will introduce changes to ensure that, where possible, specific legislative requirements will be abolished, minimised or improved. Some current laws have been in place for decades, and constrain community organisations from adapting to new methods and opportunities. Some requirements are also costly and place undue administrative burden on NFPs, diverting resources from key activities.

Given the importance of these changes to community organisations, they have been foreshadowed in the Government's *2008 Statement of Government Intentions*.

The Government has previously made a strong commitment to harmonising regulation between jurisdictions and, accordingly, will pursue greater national harmonisation of legislation governing NFPs.

On top of the legislative requirements placed on the sector, there are a large number of specific obligations placed on NFPs that receive funding from the Government, which reflect the importance of accountability wherever public money is spent. We are committed to ensuring that these requirements are proportionate and fit for purpose.

We will therefore undertake a series of actions designed to simplify and update legislation and relieve the burdens of regulatory compliance and reporting to reflect a contemporary distribution of risk, rather than a range of historical definitions. This will further reduce the administrative burden on NFPs and release resources for more efficient performance of core activities.



Action 1: Reducing the burden of reporting

The Government will investigate options to streamline the process for community organisations to submit annual financial statements, with transparency and accountability as our key principles. Options may include the use of online technology.

From consultations with the sector undertaken by the SSA, we know the current requirements impose an administrative burden on NFPs while, at the same time, also creating problems within government. The Government will consider options which balance the need for accountability and transparency with the need for administrative simplicity.

Action 2: Review of audit requirements

Within the Department of Justice (DOJ), Consumer Affairs Victoria (CAV) will review audit requirements for NFP organisations. This will include setting out options for raising audit thresholds to find an appropriate balance between the costs of audit requirements to NFPs and the need for external verification of compliance.

Action 3: Regulatory consistency

The Government will work with community organisations and the Commonwealth Government to develop a regulatory framework which is appropriate for both large and small NFPs. We will ensure that our regulatory approach manages risk and provides accountability, transparency and adequate protections for NFPs of all sizes.

Action 4: Amendments to trading and model rules

Model Rules under the *Associations Incorporation Regulations* 1998 will be expressed in 'plain English', with templates that can be applied to a range of NFP organisations. The AIA's prohibition on trading can be overly restrictive and, in some cases, does not suit the contemporary needs of growing NFP organisations. The AIA will be amended to provide greater operational flexibility to incorporated associations.

Any amendments will be consistent with Victoria's commitment in the Corporations Agreement 2002 to maintain the Corporations Act as the main vehicle for the regulation of incorporated trading entities.

Action 5: Additional administrative reforms

CAV will seek other amendments to the AIA, including

- clarifying and strengthening mandatory grievance procedures for internal disputes
- merging the role of the Public Officer and Secretary for associations, and
- allowing small associations (that is, those with surplus assets of less than \$10,000) to apply to the Registrar for voluntary cancellation.

CAV will also explore options to improve access to affordable, external dispute resolution mechanisms for associations and co-operatives.

Action 6: Update of the Fundraising Appeals Act

The Government agrees with the finding of the SSA review that the definition used in the *Fundraising Appeals Act* 1998 is outdated. This definition will be clarified by CAV to reflect the ongoing nature of much fundraising activity.

The Government will also introduce a number of regulatory reforms to streamline and modernise the registration practices for NFP fundraising organisations, including

- increasing the default period of registration to three years while retaining flexibility to register proven fundraisers for up to five years, and
- removing the special requirements for labelling clothing bins, so clothing bins used for fundraising are subject to the same disclosure requirements as other fundraising activities.

In addition, CAV will lead efforts to identify current exemptions to fundraising registration requirements, and assess which exemptions could be removed to enhance transparency and consistency without resulting in additional work for the affected NFPs.

Action 7: Enhancing regulatory awareness and engagement

Consultation for the SSA review highlighted that some service delivery organisations experience a gap between the introduction of new regulations, and their implementation by the Government departments responsible for developing and enforcing them.

This action is specifically designed to improve engagement between service providers and government on changes to the regulatory environment.

Government, in close consultation with the sector and the Office for the Community Sector⁷, will initiate an NFP consultation group with representatives from each department that administers regulations affecting community organisations. This group will foster

- increased awareness and more effective participation by NFP service providers in existing consultation processes relating to new regulations including the Regulatory Impact Statement (RIS) process and the Human Services Partnership Implementation Committee (HSPIC)
- awareness within government of the impact on NFP service providers of new or amended regulations, and
- provision of clear guidance for NFP service providers on what is required when new acts or regulations are introduced.

⁷ We will establish an Office for the Community Sector within DPCD to implement this action plan and to lead the coordination and implementation of policy priorities affecting the sector across the whole of Victorian Government. Further information is contained in Action 23.

Action 8: Enhanced regulatory support

We will investigate the provision of additional regulatory support to the sector. Options may include

- online tools for registering associations and fundraisers,
- a governance and compliance audit program that addresses the risks to government and the community of potential failure of organisations, and assesses organisational health and statutory compliance, and
- complementing online information with email notifications and newsletters on updates to regulatory requirements and processes.

Action 9: Ensuring service agreement consistency

The Government recognises that a considerable burden results from the multitude of service quality standards and accreditation systems used across government when funding community organisations to provide services.

To address this issue, the Department of Justice (DOJ), Department of Human Services (DHS), Department of Planning and Community Development (DPCD) and Department of Education and Early Childhood Development (DEECD) will jointly explore opportunities to drive greater consistency in service agreements and accreditation systems by aligning quality and accountability requirements.

This work will build upon the DHS standard service agreement and will also explore opportunities for mutual recognition of accreditation. Where policy objectives are consistent, this will also be in line with other jurisdictions as far as possible.

In order to address the burden caused by multiple data collection and reporting systems, all departments with service agreements will

- establish minimum data requirements for effective performance monitoring
- review the data that service providers are required to collect against the minimum data requirements and rationalise reporting accordingly, and
- establish regular reporting of data back to each reporting organisation.

Led by DPCD, major reforms are underway in the arrangements for funding Aboriginal organisations aimed at reducing the administrative burden and enhancing the relationship between Aboriginal organisations and government. These reforms reflect the fact that many Aboriginal organisations, despite being relatively small, deliver a complex array of services on behalf of government.

The Government aims to work towards single funding agreements with Aboriginal organisations for all the funding they receive. As a first step, we will use standard terms and conditions in all agreements with Aboriginal organisations. DPCD will also investigate better options for funded Aboriginal organisations to provide common funding accountability documents.

Action 10: Grants reform

As the operations of government and the sector become increasingly complex, many NFPs applying for grants already have funding relationships with different arms of government.

While larger NFPs may be able to cope with multiple interactions with different departments and agencies, some smaller organisations need assistance – and these are often also the organisations in greater need of government funding.

The Government endorsed implementation of the Efficient Government Policy as part of the 2007-08 Budget. This policy included efficiencies which could be achieved across government, including grant administration. DTF has begun work with other departments to implement the Efficient Government Policy and to create efficiencies in managing and administering discretionary grants.

As part of the grants reform, DTF and DPCD will investigate the feasibility of streamlining the financial and accounting terms used in discretionary grant agreement reporting. Government will also promote the use of a standard chart of accounts and data dictionary for grant applicants.

Action 11: Inter-governmental collaboration and reform

The Government recognises that the operations and services of some NFPs extend beyond Victoria's boundaries. The Government is strongly committed to pushing for reform to ensure a national harmonisation of legislation across many sectors, and the NFP sector is no exception.

In order to progress this agenda, the Government will present the Council for Australian Federation with an overview of the proposed NFP regulatory reforms in Victoria. It will also seek agreement on priority areas of harmonisation of NFP regulation between jurisdictions.

DTF will progress discussions with other jurisdictions on the development of accounting standards that are specifically appropriate for NFP entities, particularly small entities with limited resources.

3. Building the capacity of community organisations

The NFP sector, like all other sectors of the Victorian economy, has to continually adapt methods of operation in order to keep up with global developments.

The community sector employs approximately 6.8 per cent of the national workforce⁸, and more than 41 per cent of Victorians volunteer in community and NFP organisations⁹.

This means that like all organisations, NFPs need to have

- a clear understanding of their activities, focus and roles
- the organisational capacity to deliver those activities
- linkages (where needed) with other organisations and other sectors to achieve their goals, and
- the resources (financial and human) that will enable them to deliver an effective and viable service or activity.

In many fields, particularly human services, complexity of needs among an organisation's clients means that NFPs need a highly skilled workforce to provide quality services.

These actions outline how the Government will help to strengthen the capacity of community organisations.

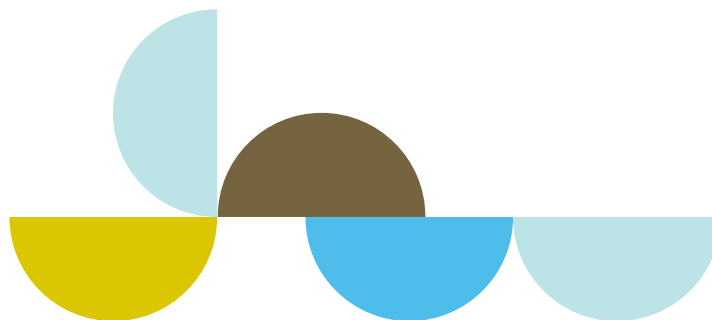
Action 12: Investing in leadership development

The SCOP report emphasised the importance of leadership in developing organisational capacity. The Government will fund a feasibility study to determine the most effective means of developing leadership capabilities within the sector. This study will examine the viability of a National Academic Centre of Leadership Excellence for the sector and other models to build the sector's capacity.

A Centre would provide similar opportunities for leadership training to those available for business and government. It could link with centres of expertise in other jurisdictions and encourage the movement of senior practitioners and the sharing of excellence across the sector and with relevant public agencies.

The study will examine

- the leadership skills and knowledge unique to community and non-profit organisations
- possible collaboration with similar institutions elsewhere in Australia
- which business model would ensure ongoing viability, and
- the views of relevant NFPs on which leadership capabilities and supports are most urgently needed.



8 ABS 2002. Figures for the period 1999-00

9 ABS Voluntary Work Survey, 4441.0 2006

Action 13: A Community Services Workforce Capability Framework

The long term trends analysed by the SCOP project and many of the submissions presented by community organisations point to major workforce challenges for NFPs in the decades ahead.

These include attracting and retaining staff; professional silos and career pathways for experienced practitioners; changing complexity of role expectations and the need to work across service and client boundaries; lack of agreed performance outcomes for services and job roles; managing limited resources; and strengthening management and leadership skills.

The Government will work with the sector (and other jurisdictions) to develop a Community Services Workforce Capability Framework, to help address workforce challenges.

The framework will specifically focus on how NFPs can develop the skills and capabilities they need to continue improving service delivery. It will also address issues relating to future recruitment and retention of staff, the need to invest in skills and professional development in the context of an ageing workforce, competitive labour markets and increasing expectations of service delivery.

The Framework's objectives will include

- an improvement in the overall quality and effectiveness of service provision across the sector and improved client outcomes
- a greater capacity to provide professional development and learning across the sector
- better career paths and recognition for community sector employees
- enhanced and more flexible professional and management practice across the sector, and
- improved recruitment and retention.

The Government will provide one-off funding to help establish portable Long Service Leave (LSL) for the community services sector to improve

- the ability of the community sector to recruit and retain staff, and
- the professional development of existing staff by encouraging moves between organisations and sectors.



Action 14: Community sector placement and mentoring

In order to further contribute to shared knowledge and understanding between government and community organisations, the Government will develop a placement and mentoring program. This program will seek opportunities to second and place public sector workers with interested community organisations, and encourage businesses to consider similar arrangements.

We will investigate whether this program could be complemented by the enhancement of the Victorian Government Graduate Recruitment and Development Scheme to include opportunities for placements within interested community organisations. This program would build on the DHS approach of placing staff with a range of Aboriginal welfare and service organisations.

Action 15: Increasing the skills and engagement of volunteers

The Government recognises that volunteering is the life blood of the overwhelming majority of community organisations, with more than 90 per cent of incorporated associations reliant on the contribution of volunteers.

The Government has made a major investment in volunteering to support the development of the voluntary sector. Over the past three years, this investment has included more than 900 grants to community organisations and local government to help create new opportunities for volunteering and participation.

NFP organisations attract a large number of volunteers or unpaid members. These citizens represent a mass of ready skills for the Victorian economy to capture, and this is particularly important for young Victorians.

However, volunteering is changing. People still want to give their time, but in ways that use their skills and interests while fitting in with their busy schedules. This change from traditional models of volunteering requires greater innovation and flexibility.

Through the development of a comprehensive volunteer and participation strategy, the Government will continue to assist community organisations so they are better able to attract, retain and train volunteers. This work will build on the foundation that has been laid over the past three years.

We will use the dialogue processes¹⁰ established under this action plan to ensure the views of the sector inform the volunteer and participation strategy, with the aim of having the strategy finalised in late 2008.

¹⁰ We are committed to open dialogue and engagement with the NFP sector on the issues and opportunities facing the sector, and the priorities set out in this action plan. Action 24 sets out how we will further facilitate dialogue and exchange.

Action 16: Developing organisational support services and networks

In order to support innovation and organisational capacity, the Government will expand and improve access to information and support services that NFPs can use to help them meet challenges of performance, long term strategy and capacity development. Community organisations could benefit from access to specialist advisors and mentors who can provide expert support in areas such as strategic review, workforce management, legal and financial issues.

The Government will work with existing networks and organisations currently offering pro-bono opportunities for community organisations, to improve access to networks of advisory and support services.

These service networks may also include a brokering facility to link community organisations with similar needs so they can collaborate in purchasing training for their staff. This will facilitate linkages between NFPs that may be extended beyond the purchasing of training.

Through the SCOP review, a number of specific recommendations have been made about establishing specific services and schemes, but it is not clear whether a single, stand alone service network or networks would effectively meet the needs of such a broad-ranging sector. The Government would prefer to see a more open, accessible market for services and support, including ways in which community organisations can access affordable help.

We will examine possible business models and approaches to boosting the availability of relevant services and networks over the next twelve months. This assessment will include consideration of the existing networks established and supported by the Victorian Government for for-profit businesses and will also involve community, philanthropic and business organisations.

The experiences and learnings of networks funded through the Community Sector Investment Fund (CSIF) will also be made available to the broader community services sector to highlight effective practice in collaboration and networking and business efficiency.



4. Supporting innovation and growth

Community organisations are often at the forefront of meeting changing patterns of community interest and social need. Their ability to grow and innovate is crucial both to their long term sustainability and to our wider ability to develop services for the future.

Government and the private sector should strongly support this potential for innovation, and encourage attempts by community organisations to innovate. Innovation can go beyond models of service delivery to include, for example, new approaches to the use of volunteers and community members, applications of new technology and new ways to combine purchasing power across separate organisations to achieve value for money.

To innovate and grow, organisations often need access to finance and expertise that can help them to develop their infrastructure, organisational models and service offerings for the longer term. Many community organisations struggle to find such resources, because they cannot access either market investment or long term public sector support.

The following actions set out how the Government will encourage organisational growth and innovation within the NFP sector.

Action 17: Building capacity for innovation and growth

A key issue facing the NFP sector is the availability of finance to support innovative social ventures, capital and infrastructure needs. ‘Social venture capital’ is emerging as a potentially innovative source of investment for the non-profit sector, encouraging new sources of revenue generation, and new ways to meet social and community need.

Work already underway on the DHS Pricing Framework and funding principles will help to address these issues. Through price reviews, the Government aims to identify the full cost of services, and to assess options for full and partial funding, as well as other contributions to the costs of service delivery.

The use of three year service agreements also helps organisations to focus on long term development, and we are committed to moving towards funding outcomes that support innovation and contribute to more effective and efficient services.

More broadly, we will establish a dialogue between community organisations, philanthropic organisations and businesses to examine the issues surrounding non-government support for capital investment among community organisations.

We will also examine the case for establishing a Social Innovation Accelerator Partnership, which brings together practitioners and organisations in the community sector who have new ideas and approaches to test with public agencies, potential partners, and sources of finance and support from the business and philanthropic communities.

Action 18: Developing community enterprise

Local and international evidence has shown that community enterprises can become major drivers of social innovation by finding new business and employment opportunities in communities.

Over the past three years, in partnership with community organisations, the Government has helped establish 76 community enterprises. These have created over 250 new jobs and trained more than 350 Victorians in a 'real work' context.

Observations of mature community enterprise sectors operating in the UK, Canada and parts of Europe suggest that an important factor in their success has been the assistance received from business incubators. Incubators are development agencies that offer services and support across a range of business and financial areas unique to community enterprises.

In order to strengthen the capacity, sustainability and growth of community enterprises in Victoria, government will join with the philanthropic sector to establish a Community Enterprise Catalyst which will provide emerging community enterprises with the range of relevant and ongoing supports specific to their needs.

The Government will make available information about successful partnership programs that community organisations can use and build on to create their own partnerships. We will also maintain a register of interested industry and community bodies in order to create linkages and foster the development of partnerships.

5. Enhancing the Role of NFPs in Local Community Life

As Victorians become more mobile, it is increasingly important to preserve and strengthen the identity and character of our different local areas and their communities.

Community organisations play an essential role, not just in providing direct services but also in offering networks of association and engagement which enhance people's quality of life and help them to deal with adversity and unexpected setbacks. Local membership groups and associations help to store and communicate local knowledge, culture and recreational opportunity.

Often, though, individuals may not know how to become involved with the various organisations operating in a particular neighbourhood. Government plans to work with NFPs to improve the ways in which people in local areas can participate in community life.

As part of our commitment to improving liveability and strengthening communities across Victoria, we will pursue a range of actions designed to increase both the flow of support and investment to local community organisations, and to increase the interaction and collaboration between NFPs, community members, and public agencies to enhance local quality of life.

Action 19: Sharing facilities and infrastructure

One effective way of integrating services and encouraging social and community networks to form, is to open existing facilities and other infrastructure to communities.

Schools, for example, have valuable facilities that are often not available for community use. As we continue our major school redevelopments and build new schools, we will encourage shared use between schools, local councils and communities to make sure the best mix of facilities is available locally, so that everyone benefits.

This will open up more space for community organisations and local groups to meet, plan, and learn. It will help integrate new services – such as children's centres, neighbourhood houses, and adult learning – with schools. To assist wider take-up of these approaches, we will publish a governance guide to provide best practice models and templates to help schools and their community partners develop effective ways to plan, develop and manage shared-use facilities.

The Community Support Fund will continue to encourage multi-use facilities through its infrastructure stream, and we will also improve government grant processes to make sure that the various sources of funds for shared use projects are better coordinated.

Finally, we will explore with sporting organisations the possibility of sporting clubs opening their facilities to broader community use.

Action 20: Stronger role for community foundations

Community foundations enable people in the community with philanthropic interests to support local priorities and initiatives more easily and effectively. Community foundations combine funds from a range of sources, including government, local community members, philanthropists and businesses, into a trust. One strength of community foundations is their capacity to establish a sustainable funding stream for the community which is independent of government funding.

We will fund 12 local Community Foundations in areas where there is the right mix of community interest and need. These investments will boost the prosperity of communities and increase business involvement in community life. They will create a base for sustainable activities in areas where government has invested and where the groundwork for success has been developed.

Action 21: Attracting more support to local sport and recreational associations

We will continue to work to attract more support to local sport and recreational associations. There are over 16,000 sport and recreation clubs in Victoria, through which almost 350,000 Victorians volunteer their time and efforts every year. These organisations are generally member-owned and member-governed and help to generate a range of social and health benefits to the community.

Local sporting clubs rely on their relevant state association for direction and support. A challenge for sporting associations is establishing sporting clubs in new communities, especially in areas where the provision of facilities lags behind housing development. We will continue to improve the planning and coordination of provision of community facilities like sports clubs in the growth areas.

Sporting organisations have difficulty attracting funding from philanthropic sources. Because changes in this area are best done on a nationally consistent basis we will promote to the Commonwealth Government the reforms undertaken in the UK to build philanthropic support for community sport and recreation. This will include examining the issue of Deductible Gift Recipient status for sport and recreation organisations to improve their potential to attract philanthropic funding.

Action 22: Local government community planning and engagement

Many local governments have embraced community planning and community engagement by asking local community organisations to take part. This is a relatively new area of work for local councils and we are in a period of innovation and experimentation.

We will work with local government peak bodies and local councils to build the knowledge and skills of councils to improve community planning and promote good practice. This will include best practice in engaging NFPs in community planning processes, particularly those organisations that can effectively represent isolated communities.



6. Recognising community organisations and coordinating efforts across government

Throughout the two reviews, community organisations strongly voiced a need for their contribution to the economic and social wellbeing of Victorians to be recognised. They also expressed a need to maintain open communication with government on the many issues and opportunities facing NFPs.

Greater understanding of what is happening in Victorian communities and community organisations better positions us to develop and enhance the sector's contribution and tailor our actions. However, because of the sector's diverse origins and interactions with government, currently there is no single framework for understanding and assessing what is happening across and within the sector.

At the same time, it is a challenge for the Government to coordinate its policy efforts and relationship with NFPs. A large number of government agencies have funding and other relationships with NFPs, and many NFPs receive funding and have relationships with multiple departments. The need for structures and processes that provide a more coordinated approach across government was recommended by both the SCOP and SSA Reviews.

There are also many representative and peak bodies covering different groups of community and NFP organisations. Government engages with these in a range of ways from Ministerial advisory committees, to specific processes in individual departments, and conferences like Our Community.

The SCOP consultations and report recommended that a single, overarching structure for representation and dialogue between government and the full range of community organisations would be desirable. The Government agrees that such dialogue should reflect the full range of organisations, and focus on the major long term issues affecting them. How such overarching arrangements might work, however, is a matter mainly for community organisations.

We are committed to open dialogue and engagement on the issues and opportunities facing the sector, and the priorities set out in this action plan.

Action 23: Establishing the Office for the Community Sector

We will establish the Office for the Community Sector to implement this action plan and lead the coordination and implementation of policy priorities affecting the sector across the whole of the Victorian Government.

The Office, dedicated to strengthening the community and NFP sector, will be established for an initial period of three years (commencing in 2008), and its impact and role will be reviewed.

As well as implementing key actions in this plan, in conjunction with other relevant Victorian departments and agencies, the Office will be responsible for

- improving the scope and quality of information about NFPs – their number, nature, activities, economic and social contribution and broad trends affecting them
- ensuring Government agencies have a clear understanding of the contribution and operating dynamics of the sector and associated organisations
- promoting good practice by strengthening partnerships between government agencies, business and philanthropic organisations, in their dealings with NFPs
- fostering innovation within the community and NFP sector

- developing and promoting good funding principles across government
- developing sustainable mechanisms for the provision of broad, cross-government policy advice in relation to NFPs, to ensure coordinated responses to sector-wide issues, and
- developing, implementing and monitoring initiatives arising from this action plan.

The Office will work closely with the sector on the implementation of the action plan, to raise the capacity of the sector. It will also collaborate with businesses and other organisations that currently provide information and access points for community and NFP organisations.

The Office will be located within DPCD and, to maximise policy integration and operational efficiency, its functions will be combined with related units within the existing area of Community Programs. The Office will have a Whole-of-Government remit on sectoral issues affecting multiple departments.

CAV will fulfil its regulatory responsibilities in consultation with the Office for the Community Sector.

Action 24: Facilitating dialogue and exchange between the sectors

We will support and participate in a state-wide forum, inviting community organisations, their representatives, members, experts and other interested parties to discuss the issues addressed in this plan.

The agenda for the forum would include

- establishing the right focus for government coordination and the Office for the Community Sector
- considering the establishment of a broad sectoral representative body
- leadership development models
- framing and strengthening workforce capability
- ways to increase the skills and engagement of volunteers
- fostering collaboration and networking opportunities between community organisations
- implementing legislative and regulatory reform, and
- engaging with local government and the business sector.

Following this forum, we will examine options for hosting a smaller, regular roundtable to maintain dialogue on the progress of these issues over time.

Further to these activities, we will also support an event specifically to address and discuss opportunities to enhance the involvement of business and the philanthropic sector in partnerships with government to strengthen community organisations. These include

- encouraging industry-community partnerships
- developing organisational support services and networks for the sector

- building capacity for growth – especially to address capital and infrastructure needs, and
- assisting the growth of social innovation and community enterprise.

These activities will be managed by the Office for the Community Sector. They will take place alongside the range of more specific forums and specialised groups described below.

Action 25: Supporting a new representative body for community organisations

In tandem with the dialogue processes described in action 24, government will provide one-off facilitation funding to support the sector in considering the establishment of an appropriate representative arrangement.

While there are many well respected and established sector representative arrangements and associations operating in Victoria, there is no single body or mechanism at the State level that has evolved to represent the broad range of community organisations that make up the NFP sector.

Government invites representatives of community and non-profit organisations to consider whether they wish to develop a representative model which would enable more effective dialogue and collaboration on matters affecting the whole range of NFP community organisations, and maximise the constructive involvement of other partners like business and philanthropic bodies.

7. Next steps

The Victorian Government recognises that the sector is defined by its large and highly diverse nature, and that change will be dependent on a collaborative effort between government departments, representative bodies, private sector organisations and the range of partnerships covered by this action plan. We will pursue these actions decisively, and work to include and engage those affected in the processes of development and delivery.

Legislation will be introduced into the Victorian Parliament at the earliest opportunity.

The specific actions outlined in this plan will be implemented over the coming months, with primary responsibility resting with the Office for the Community Sector, DPCD, DOJ, DHS and DEECD. Other departments, such as DPC and DTF, will also be directly engaged in implementing the reforms.

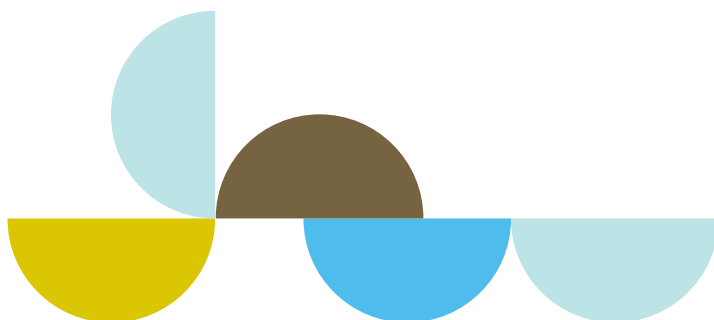
However, there will be a clear locus of responsibility within government to collaborate with the sector in implementing this action plan.

In order to increase the pace of implementation and maintain focus over time, specific groups of actions will be coordinated and monitored through defined coordinating structures.

Legislative reforms have been set out in the Premier's *Statement of Government Intentions*, and will be introduced into the Victorian Parliament during 2008.

The Office for the Community Sector will be formed in conjunction with the existing Community Programs area within DPCD. It will work with other departments to establish a series of projects and milestones to implement the specific commitments.

A working group, made of senior departmental representatives, will be formed to monitor and oversee the implementation of commitments aimed at reducing the administrative burden on NFPs.



The Actions

Theme	Action	
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Reducing the regulatory burden and streamlining interaction with Government</p>	<p>Action 1</p>	<p>Reducing the burden of reporting The Government will investigate options to streamline the process for community organisations to submit annual financial statements. Options may include the use of online technology.</p>
	<p>Action 2</p>	<p>Review of audit requirements CAV will review audit requirements for NFP organisations, including setting out options for raising audit thresholds.</p>
	<p>Action 3</p>	<p>Regulatory consistency The Government will work with community organisations and the Commonwealth Government to develop a regulatory framework which is appropriate for both large and small NFPs.</p>
	<p>Action 4</p>	<p>Amendments to trading and model rules Model Rules under the <i>Associations Incorporation Regulations</i> 1998 will be simplified. The AIA will be amended to provide greater operational flexibility to incorporated associations.</p>
	<p>Action 5</p>	<p>Additional administrative reforms CAV will undertake a series of other amendments to the AIA to further reduce administrative burdens on the sector, by improving internal grievance procedures, merging the roles of Public Officers and Secretaries and allowing small associations to apply for voluntary cancellation.</p>
	<p>Action 6</p>	<p>Update of the Fundraising Appeals Act Government will introduce a number of regulatory reforms to streamline and modernise the registration practices for NFP fundraising organisations. In addition, the definition of fundraising will be updated; and CAV will lead efforts to identify current exemptions to fundraising registration requirements.</p>

Theme	Action	
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Reducing the regulatory burden and streamlining interaction with Government</p>	<p>Action 7</p>	<p>Enhancing regulatory awareness and engagement This Action is specifically designed to enhance engagement between service providers and government on changes to the regulatory environment.</p>
	<p>Action 8</p>	<p>Enhanced regulatory support CAV in consultation with the Office for the Community Sector will investigate the provision of additional regulatory support to the sector.</p>
	<p>Action 9</p>	<p>Ensuring service agreement consistency Departments will jointly explore opportunities to drive greater consistency in service agreements and accreditation systems by aligning quality and accountability requirements.</p>
	<p>Action 10</p>	<p>Grants reform DTF and DPCD will investigate the feasibility of streamlining the financial and accounting terms used in discretionary grant agreement reporting and will promote the use of a standard chart of accounts and data dictionary by grant applicants.</p>
	<p>Action 11</p>	<p>Inter-governmental collaboration and reform The Government is strongly committed to pushing for national reform to harmonise legislation impacting the NFP sector. The Government will present to the <i>Council for Australian Federation</i> an overview of the proposed NFP regulatory reforms in Victoria and seek agreement on priority areas of harmonisation of NFP regulation between jurisdictions.</p>

Theme	Action	
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Building the capacity of community organisations</p>	<p>Action 12</p>	<p>Investing in leadership development To deepen the skills of those working or involved in the sector, the Government will fund a feasibility study to determine the most effective means of developing leadership capabilities within the sector – and in particular the viability of a National Academic Centre of Leadership Excellence.</p>
	<p>Action 13</p>	<p>A Community Services Workforce Capability Framework Government will work with the sector (and other jurisdictions) to develop a framework, focusing on how to develop the skills and capabilities needed in the sector.</p>
	<p>Action 14</p>	<p>Community sector placement and mentoring The Government will develop a placement and mentoring program to contribute to shared knowledge and understanding between government and community organisations.</p>
	<p>Action 15</p>	<p>Increasing the skills and engagement of volunteers Government will continue to assist community organisations so they are better able to attract, retain and train volunteers through the development of a comprehensive volunteer and participation strategy that will build on the work of the past three years.</p>
	<p>Action 16</p>	<p>Developing organisational support services and networks Government will commit to broadening and expanding the range of information and support services available to community organisations to help them meet challenges of performance, long-term strategy and capacity development.</p>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Supporting innovation and growth</p>	<p>Action 17</p>	<p>Building capacity for innovation and growth The Government will explore options to build capacity for innovation and growth in the sector through full or partial funding, engaging business and philanthropic organisations, and the use of three year service agreements.</p>
	<p>Action 18</p>	<p>Developing community enterprise Government will continue to strengthen the ongoing viability of community enterprises and provide support to existing and emerging enterprises in partnership with the private sector and philanthropic organisations.</p>

Theme	Action	
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Enhancing the role of NFPs in local community life</p>	<p>Action 19</p>	<p>Sharing facilities and infrastructure To assist wider take-up of shared facilities, Government will publish a best practice guide that will help schools and their community partners develop effective ways to plan, develop and manage shared-use facilities. The Community Support Fund will continue to encourage multi-use facilities through its infrastructure stream. Government will also improve grant processes to make sure that the various sources of funds for shared use projects are better coordinated.</p>
	<p>Action 20</p>	<p>Stronger role for community foundations Government will fund 12 local Community Foundations in sites where there is the right mix of community interest and need, in areas where Government has invested and the groundwork for success has been developed.</p>
	<p>Action 21</p>	<p>Attracting more support to local sport and recreational associations Government will continue to improve the planning, coordination and provision of community facilities like sports clubs in the growth areas.</p>
	<p>Action 22</p>	<p>Local government community planning and engagement Government will work with local government peak bodies and local councils to build the community planning knowledge and skills of councils, and communicate good practice.</p>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Recognising community organisations and coordinating efforts across Government</p>	<p>Action 23</p>	<p>Establishing the Office for the Community Sector The Office for the Community Sector will implement this action plan and lead the coordination and implementation of policy priorities affecting the sector across the whole of Victorian Government.</p>
	<p>Action 24</p>	<p>Facilitating dialogue and exchange between the sectors State-wide forums will be established to discuss the issues addressed in the action plan. Events will also be held to address and discuss opportunities to enhance the involvement of business and the philanthropic sector in partnerships with government to strengthen community organisations.</p>
	<p>Action 25</p>	<p>Supporting a new representative body for community organisations Government will provide one-off facilitation funding to support the sector to consider the establishment of an appropriate representative arrangement.</p>

Glossary

AFV	<i>A Fairer Victoria</i>
AIA	<i>Associations Incorporation Act 1981</i>
CAV	Consumer Affairs Victoria
CSIF	Community Sector Investment Fund
DHS	Department of Human Services
DEECD	Department of Education and Early Childhood Development
DOJ	Department of Justice
DIIRD	Department of Innovation, Industry and Regional Development
DPC	Department of Premier and Cabinet
DPCD	Department of Planning and Community Development
DTF	Department of Treasury and Finance
GDP	Gross Domestic Product
GVT	<i>Growing Victoria Together</i>
NFP	Not for Profit
SCOP	Stronger Community Organisations Project
SSA	State Services Authority
WOVG	Whole of Victorian Government



