Implications of government funding of advocacy for third-sector independence and exploration of alternative advocacy funding models

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Abstract

This paper examines the effect of funding contracts on the capacity of third-sector organizations to effectively advocate. The relationship is not simple or obvious, with some organizations reporting 'mature relationships' with particular (state) departments, and others reporting difficulty with state or federal government jurisdictions. The paper spells out the negative effects of conflating service funding and advocacy. The paper concludes by exploring alternative institutional arrangements for the resourcing of advocacy including the establishment of a Public Interest Fund administered independently of any government department, one not requiring specific service contracts but rather evidence that it is advocating for the broader public good.

Keywords: Advocacy, Funding, Third-sector

This paper examines the effect of funding contracts on the capacity of organizations to effectively advocate. The paper begins with issues of definition and examines the evidence from other studies. It then introduces the empirical study based on in-depth interviews that forms the basis of this paper. The relationship between funding and capacity to advocate is not simple or obvious, with some organizations reporting 'mature relationships' with particular (state) departments, and others reporting difficulty with state or federal government jurisdictions. The paper spells out the negative effects of conflating service funding and advocacy. It concludes by exploring alternative institutional arrangements for the resourcing of advocacy.

We use the term 'third-sector' to identify those organisations that may be funded by government, but are legally independent of them, and excluding political parties. They are also non-profit, being creatures of neither the state nor the market. The term 'Advocacy' is defined as active interventions by organisations on behalf of the collective interests they represent, that have the explicit goal of influencing public policy or the decisions of any institutional elite (Casey and Dalton 2006, Onyx and Dalton 2006, Salamon 2002). These activities may be high profile and openly political acts, or they may be low profile, more discrete processes of influence; they may be aimed directly at the decision makers, or they may be aimed at influencing by proxy through public opinion or voter intentions. Analogous terms such as *activism, advising, campaigning, commenting, consulting, dialogue, engagement, feedback, giving voice, influencing, input, lobbying, negotiation, participation, policy work, promoting improvements* and *social action* are also used to describe the direct influencing processes, while terms such as *educating, disseminating information and informing* are used for indirect processes. While there are differences in meanings of all these terms, they are often used interchangeably and there are variations in their usage between different jurisdictions and interest areas. The terms used to describe any of these activities are often more the result of which labels sit comfortably with the participants involved than of any strict academic definition.

Two aspects of advocacy are particularly noteworthy: first, the emphasis on private, as well as governmental, institutions as the objects of advocacy activity and second, the focus on 'collective interest', on benefits that in Berry's terms, 'may be shared by all people, independent of their membership or support of a given group', rather than private benefits, as the principal goal of advocacy activity (Berry 1977: 8). Within this second, 'collective interest' category advocacy activity involves a wide repertoire of strategies from the more radical or non-institutional tactics such as staging protests and sit-ins to the increasingly common institutional tactics such as responding to government submissions and participating in government committees and enquiries, education training and research activities, and media activity. The US Filer Commission (1975) identified five related activities: 'developing public policy', 'supporting minority or local interests', 'overseeing government', 'bringing sectors together' and 'furthering active citizenship and altruism'.

In an earlier study, Melville notes the distinction between lobbying and advocacy made in the political science and third-sector literature (Melville & Perkins, 2003:88). According to Hopkins (1992:32) advocacy is

> The act of pleading for or against a cause, as well as supporting or recommending a position [by which] advocacy is the active espousal of a position, a point of view or a course of action (cited in Boris & Williams: 1998:501).

In contrast, lobbying is defined as attempting to influence legislators with a view to impacting on their congressional votes (Hopkins 1992:32 cited in Boris and Mosher-Williams, 1998:501).

Issues around advocacy in the third sector are of pressing concern not least because of the ways it supports the robust functioning of democracy. By engaging in advocacy third sector organisations can contribute to democracy in two key ways. First, by schooling those that participate in them in democratic practices and by providing an environment where they can learn about political issues or participate in political action (Verba et al. 1995) or as Warren has expressed it 'Associations cultivate the habits of collective action, thus producing an active, self-sufficient, and vigilant citizenry' (Warren 2001: 6). Second, by ensuring that the views and voices of all interests are represented in the policy process (Boris and Mosher-Williams, 1998; Berry 1999; Sawer 2002).

A further important point to note about the current study is the distinction made between individual advocacy and systemic advocacy. The current study focused on systemic advocacy aimed at the organisational and institutional-political levels, which is pleading for a collective interest or cause, rather than pleading the cause of a specific (disadvantaged) individual. While the two may be linked, it is systemic advocacy that attempts to remedy the underlying cause of disadvantage, rather than ameliorating its effect in a particular case.

The Relationship Between Government Funder and Third-sector

Funding is an issue for all third-sector organisations. It is particularly an issue for those human service and environmental organisations that both depend on government funding to conduct their business, and also wish to engage in systemic advocacy on behalf of their target group. However the relationship between organisation and government funding body is not simple or uniform across all jurisdictions.

A significant amount of analytical work on how contracting and project-based funding regimes have affected the ability of peak organisations in Australia to lobby and undertake advocacy work on behalf of their members has been conducted by Melville (1999, 2001). More recent research that has examined the effects on reliance on government funding on capacity to conduct advocacy has been inconclusive (Casey and Dalton 2006). Dalton and Lyons (2005) found that reliance on government funding among advocacy organisations had not affected their commitment to advocacy. Instead, the study found that

organisations that rely substantially on government funds continue to devote significant resources to advocacy work and the CEOs of these organisations expressed a desire to do more advocacy work if possible. This finding suggests that there may always be a gap between organisational commitment to advocacy and the resources available to support such commitment. Other recent work in the US suggests that government funding has either no affect, or even a slightly positive effect on advocacy, as any suppression impact is outweighed by the government's dependence on the community organisations it funds and the self-interest of funded organisations to promote policy changes aimed at improving the lives of clients, which generally augment the organization's resources (Chaves et al. 2004). Salamon (2002) argues that those nonprofits that take a collaborative view of policy making (as opposed to a conflict view), are able to increase these collaborative opportunities with increased government funding.

On the other hand some researchers have documented the restriction on community organisations and the repercussions they fear may be incurred by speaking out (Melville 2001) One particularly influential report and book by the Australia Institute, titled Silencing Dissent (Maddison, Denniss and Hamilton 2004), focuses on the perils faced not only by community sector organisations but all NGOs if they dare to 'bite the hand that feeds'. In a related article Maddison and Denniss (2005) speak of the 'long arms' of government constraining the advocacy work of third sector organisations. What is missing from the latter work is a nuanced analysis of the way in which the institutional state-funding relationships impact on the 'silencing' of disadvantaged groups. It may be that some large conservative third sector organisations find it easier under current funding regimes than do small, or non-institutional organisations. It may also be that governments in some jurisdictions may be more welcoming of advocacy than others. Finally, it is possible that funding from line management government departments is more often used to constrain advocacy that funding from other sources. The present study examines systemic advocacy within the context of the institutional relationships between the policy actors – advocacy organisations and the state. The paper concludes by examining alternative funding models for advocacy.

Method

The paper presents an analysis of in-depth interviews with senior executives of 24 third-sector organisations, 16 in NSW and 8 in Queensland, from across the human services and the environment 'industries'. To maximise coverage of diverse organisations, four organisation clusters were selected, to represent distinct service fields. Our industry partners were actively involved in determining these fields for our case study sample selection. The four fields identified and targeted by the research team include: housing/ homelessness, disability, child and family welfare and the environment. Two of these fields (disability and child and family welfare) were also used for sample selection in Queensland. These four fields are major sites of community sector institutional reforms, social and political stress, and political contestation.

Within each field cluster four organisations were identified, reflecting a range of large and small organisations, and representing those reputed to use more 'institutional' or 'non-institutional' approaches. The purpose of this distinction was to capture potential differences by size and organizational type on forms of advocacy, as well as potential differences between State jurisdictions. In all cases the organisations were selected on the basis of receiving state government funding. However, in practice most organisations also received (or used to receive) a variety of other funding including from Commonwealth sources and from a variety of fees and services.

While our sample concerns advocacy rather than service delivery, there is no easy way of delineating between service orientated and advocacy oriented organisations. This reflects broader research in the field where estimating the exact proportion of organisations that have advocacy as their main objective has proved difficult, and figures vary widely between researchers (Knoke 1990, Van Deth 1997, Melville 2001). All of our respondents, regardless of the degree of service orientation, identified their organisations as advocacy organisations – that is they all claimed that seeking to influence government policies for the improvement of their constituents was an organisational goal. However most were careful to explain that government funding for service delivery was not directly used for advocacy.

To inform the analysis we adopted a case method approach of the 24 organisations in NSW and Queensland. The case studies involved some observation as well as the identification of relevant minutes, correspondence and other secondary documentation, and in-depth interviews with key informants (ten Have 2004). While the larger case material informs this paper, the focus here is on the interview material. All informants were asked a series of standardized but open ended questions. The analysis is based on the responses to questions concerning the nature of the organisations' advocacy, source of funding and relationships to government. The responses reflect the perception of these key informants, based on their direct experience in their organisations. The responses were de-identified to protect the identity of individual organisations. The analysis highlights the diverse ways that groups interact with government funding agencies and how funding relationships may or may not affect the perception of the capacity of nonprofits to engage in advocacy. It should be noted that the interviews took place during 2006-2007 and therefore were affected by the political landscape of the day, both nationally (the end of the "Howard era") and at state level (eg the recent introduction of new disability legislation in Queensland). Nonetheless, the emerging themes suggest a more generic phenomenon.

Results

Homelessness and Housing

Each of the organizations described its relationship with the state government as good, but ever changing. Access varies greatly depending on the minister. One organization found it "impossible" to get a meeting with the minister, another had three meetings yearly.

> Working up the options, working up what will work together has...been a standard way of working between the government and the non-government sector when it is working effectively and has been our experience in this sector (but) that has changed dramatically. (Head, medium NSW organisation)

Advocacy wins of late seem to be more about tweaking existing policy than influencing draft policy. Most felt that it was their presence on departmental committees that offered the best scope for lobbying for changes. However, one organisation is questioning its role (as are others) on a departmental reference group because of rules preventing consultation with constituents.

> We are being compromised by government being able to say: 'We are consulting with the sector.' But they are not. They are consulting with a group of people who are hog tied and who cannot take that information out and actually talk more broadly and get input from members (CEO small NSW organisation).

Two of the organizations have explicit non-adversarial stances when it comes to using the media, voluntarily alerting government and the bureaucracy when they plan to issue media releases. 'We want to change their mind, not ambush them,' said one HO executive of a group that has had its funding threatened in the past.

Three organizations expressed the perception that some peak organisations are constrained under contractual obligations to the Commonwealth government, including advance notice to the minister of submissions, media releases and commentary.

The Commonwealth is 'leaning very much toward...contracting out from government, roles government departments once would have had and paying less wages, but then taking from the non-government sector any of the capacity to act...locally with their own initiative and to advocate on their clients' (behalf),' said one executive of a small NSW organisation..

Environmental Organisations

Of the four environmental organizations we talked to, two engaged in direct and overt activism and campaigning, while two preferred to work more discretely behind the scenes, offering advice to government and members, and providing support and advice to other environmental groups. All four organizations had direct or indirect relationships with all levels of government, but were heavily focused on relationships with State Government departments and

Parliament. Most reported a reasonably mature and sophisticated relationship with the state government, in which they received some funding, offered some services, but maintained the capacity for fearless critique. Relationships with the Commonwealth Government were more problematic and difficult, and had generally entailed a loss or reduction in funding. Local government councils were a small but growing target for some organizations, and for one small organization the private, corporate sector was becoming a major target of advocacy activities, particularly information giving, debate and training. All organizations engaged extensively in various forms of public education programs to raise awareness of environmental issues. Some focused on in-house or external publications, others on workshops and training seminars, and others focused more on media events and public action.

Three of the organizations now relied on funding that was largely independent of government. Such funding was derived from consultancies, member fees and donations, and funding from the NSW Public Purpose Fund. All regarded this independent source of funding as an important basis for their capacity to advocate freely and to publicly criticize government actions. Government funding was largely restricted to educational programs or specific research projects carried out by the organization, which is on projects in which the objectives of government and of the organization coincided. However one large, membership based, peak organization remained dependent on the state government for 80% of its funding, including that used for direct advocacy campaigns. While the organization has enjoyed largely positive relations with most state government departments in the past, tensions have recently arisen when the organization directly opposed an intended government action.

> I took some notes from the meeting and they pretty much said we don't want to hear that you are opposed [to water trading], we want to hear constructive [advice]....That is the first time I've really encountered government really wanting to control things and it is coming from a department which is normally an ally for us (CEO large NSW organisation)

Disabilities

All four of the CEOs of the NSW organisations active in providing services and representing the interests of people with disabilities noted differences between their organisation's relationship with Federal and State governments. Echoing the situation in the other clusters, all reported a reasonably mature and cooperative relationship with the State Government but more strained relationships with some Federal agencies. The two main reasons offered for the difference in the State and Federal government relationships were structural and political.

In terms of structural factors shaping the respective relationships CEOs of the organisations noted how they operated and/or were largely funded at either a national or state level. For example, one CEO of a large peak organisation said that Federal Departments only deal with the organisation via their national peak body.

> It used to be that the Department actually had a direct contract
> with us but now [the Federal Dept] just wants to deal with [the
> national peak] and then the peak will sub-contract to us (CEO,
> large NSW organisation)

Several political factors were also identified as shaping the relationship. Three of the CEOs (2 from small organisations and one from a large organisation) interviewed expressed concern about federal government departments more actively seeking to control advocacy activities, using words such as 'compliance' and 'accountability' and 'micro-management':

> I do think at the national level they're tightening up and
> negotiations are more protracted and micro managed every bit
> needs to be carefully negotiated.
>
> (CEO large NSW organisation)

One CEO of a small organisation contrasted the state and federal relationship in the following way:

> The State might not like us, and they might try to defund
> us and go through all these spurts, but I think overall, their
> relationship is much smarter than the Commonwealth – the
> Commonwealth really has the desire to control the voice of
> the people and to discourage doing systemic stuff. ... I mean
> this is what Ruddock said one day: 'I'm the systemic advocate
> for migrants, we don't need to fund them.' (CEO, small NSW
> organisation)

Two organisations also noted that in general Federal Government funding was principally directed at supporting individual advocacy work. One CEO argued that this was because it aligns with the Liberal Federal Government's view of 'clients as individuals'. The CEO said that they felt that this had consequences for organisations whose principal activity was systemic advocacy such as peaks:

> I think some of the national peaks are worried. If you talked to
> our national peak I think they have some worries. For us, it is
> not a big deal because we do individual advocacy so we are so
> grounded...If we are not doing individual advocacy, I think you
> are in trouble and I have a sense that that will be on the agenda.
> (CEO small NSW organisation).

Relationships between different levels of government seem to vary across the two state jurisdictions. For example, one CEO from Queensland talked about how their organisation was able to use personal access to try and influence government policy, especially through personal contacts with the minister, and senior bureaucrats.

> It is a bit of everything. Usually or not always, I would take a
> member or maybe two or three members of our committee who
> all are CEOs of member organisations – If that was to go and

> see the minister. I would see minister's advisors on a much more regular basis. Deal with senior bureaucrats very regularly (CEO, Queensland peak body Organisation)

They also had a seat at the table – in a sense that they were part of a select group of organisations that were invited to advise the minister and state bureaucrats on issues.

> No it's really a conversation with senior bureaucrats and in Org A, there is probably four of committee that is also represented on that group... That is actually more of a regular conversation every eight weeks where they table what they are thinking, we get a chance to respond to it and put our issues on the table. That is a useful forum in that there is a lot of robust debate goes on there and there is an understanding that the relationship will withstand that (CEO, Queensland peak body Organisation).

On the other hand, two of the disability organisations in Queensland noted that their relationships with both state and federal government were often problematic, especially when it came to lobbying and advocacy work. Neither government seemed open to the organisations exercising their 'voice', force 'promotional' or cause related advocacy. One organisation offered the following explanation about the change at the state government level.

> The level of politically interference or political influencing in the public service has increased quite dramatically in both the state and federal levels of government and part of that I guess does relate to how long the government is in power. You tend to find if ministers particularly stay in a portfolio for more than about three years they start to have much more control over what's happening and their advisors tend to have a lot more say in what's happening than what you do if that isn't the case (CEO large Queensland organisation).

Another CEO of a small disability organisation in Queensland was just as critical of the state and federal government, which they saw as having little tolerance towards strong advocacy organisations. This respondent saw the 'change' in terms of the way in which disabled people are viewed in society. This respondent suggested that Ministers and bureaucrats as well as some strong advocates of family carer's of disabled people were moving away from a 'rights' based discourse to one which viewed disabled people as a 'burden on society' and wanted to re-introduce policies and programs that 'put away again in large institutions'. Not surprisingly this organisation has experienced the 'funding reviews' and overt threats about the continuity of their funding had been raised at meetings with ministers and bureaucrats. The organisation has been attempting to build strategic alliances with powerful interest groups and professionals as a way to counteract this pressure and ensure its on-going survival.

Families and Children

In recent years, the field of child and family welfare has been fraught with major systemic crises and controversies. These include state and federal inquiries into systemic abuse within state run and private institutions, major funding cuts in services, greater media and public scrutiny of children at risk, and an increasing sense of a system in perpetual crisis. Nearly every state and territory jurisdiction has held inquiries into foster care or child abuse. For example, the Report of the Qld Crime and Misconduct Commission into the Abuse of Children in Foster Care (2003); and the Report on the National Inquiry into the Separation of Aboriginal and Torres Strait Islander Children and their Families (1997). In this kind of volatile environment, there were windows of opportunity for third sector organisations to have considerable impact into policy, if they can be seen as a source of solutions and not just rasing problems.

> I think is about taking up opportunities there are and making opportunities to have discussions – informed about opening up windows into there being a different way of seeing this and how can we solve this problems (CEO small organisation, Queensland)

> Although we still raise problems, we have learned that very busy bureaucrats aren't interested in hearing about the problems unless there is a solution, so we go with a problem and a suggested solution. (CEO of small NSW organisation)

The following quotations demonstrate the sophisticated understanding of some people in the non-government sector about endemic and systemic problems in the field and in the relationships between the state and the non-government sector.

> We have a system whose responsibility lies with government and the non-government sector are increasingly for service delivery.... and policy is only as good as your implementation... and the implementation arm of government and non-government sector as a whole – how can we make it the best it can be? How can we work together, so it is not about having conversations around [what] you are not doing? This is about system is failing in this area how can we plug it up? (CEO small organisation, Queensland).

However, the reality didn't match up with the practice. Policy is seen to be dominated by the state with minimal input from the community sector. For example, one CW stated:

> We always try and maintain a respectful relationship because government objectives and our objectives...we are working for the same things and if you believe that the government are a public servicing the public and our community, so we try and

> remain respectful in that way, but there are frustrations and
> we often leave a meeting swearing . (CW medium Queensland
> organisation)

> We are playing, we are trying to include them as an equal
> partner, but they only partner us when it suits them (CEO NSW
> small organisation)

A major theme emerging in the data was the silencing of criticism and advocacy by human service organisations at the state government level, and not just the federal government levels. One CEO noted that there was a general perception amongst the community sector that the government was silencing dissent, but they argued that the real contestation going on was not the silencing of dissent, but rather control over policy formation and implementation.

> Depending on who you talk to people will tell you – you are
> not allowed to do advocacy anyway. I don't believe that I must
> admit. If anyone told me I couldn't do advocacy I would just
> ignore it, I wouldn't argue I would just walk out the door. It is
> individual [people] more than the government. I don't think the
> government really has that position, really wants to silence the
> non-government sector on advocacy about people's lives. This is
> the debate going on about whose right is it to form government
> policy, but I don't think the government likes being criticised
> about their policy. (CW small Queensland organisation)

But in general, organisations within this cluster chose to move very cautiously when it came to matters of systemic advocacy. Most organisations kept a low media profile for this reason. Comments consistently reflected this caution:

> We have to ensure that our relationship with government doesn't
> get out of control...We're always very conscious that our biggest
> funding source is government. It wouldn't stop us on a matter
> of principle, but it makes us choose the issues that we fight very
> carefully. (Executive large NSW organisation)

This organisation, and other large organisations, are careful to use self-funding sources for advocacy, but also, where possible, to work through alliances with other third sector organisations.

One service organisation had developed an interesting strategy to deal with the contentious issue of 'political advocacy' for homeless and disadvantaged young mothers, and what they termed 'human service advocacy'. The users of the service were encouraged to put forward several coherent policy options when they were speaking to government 'as members of a group', but they were also encouraged to take up individual positions outside the group as citizens. This approach tended to ameliorate some of the problems when multiple voices say different things and all of them 'claim to represent disadvantaged people'.

However, overall it was salutary to note, that in the field of children and families in general the government was not willing to involve the community sector in the development of policy making (the focus of much contemporary advocacy work), and furthermore, was not particularly inclined to involve them in the implementation phase of policy development. Advocacy work around policy making and policy input was still a major point of contention between line agencies and the third sector organisations the state funded.

Discussion

The findings suggest that these third sector organisations adopt a variety of strategies for advocacy, with many organisations using both direct and indirect means to establish a working relationship with government, but also to challenge what they see as negative government policies. It takes time to establish an effective relationship, and all organisations noted the challenge of resourcing long-term programs with short-term contract/project based funding. This is in keeping with the findings of earlier work by the authors Casey and Dalton (2004) and by Earles (1999), Melville and Perkins (2003), Melville (2001, 1999), Sawer (2002) and Lyons (1997) on the impact of project-based and competitive tendering funding regimes on the advocacy dimension of the work of the Australian community sector.

However, apart from the length of funding, the conditions of funding are also problematic for advocacy. The new models of government funding in effect mean that most advocacy can only be funded from the shrinking pool of uncommitted funds, private membership or fundraising, even for those peaks who are funded to carry out broader, advocacy related work. There is a perception that any use of government funds for certain advocacy functions may lead to de-funding, or removal of tax- exempt status[1]. According to one CEO, the organisation has developed a creative approach to funding advocacy from federal sources 'They don't want us to do a lot of systemic work so we squeeze it out of other bits ...so we are very creative about how we report' (CEO small disabilities organisation in NSW).

One CEO, of a large NSW disabilities organisation did make the point that growing dependency also represents an opportunity. While organisations may be dependent on government funding, governments are increasingly dependent on third sector organisations for their own service delivery commitments. One organisation noted a growing dependency on the sector did strengthen the sector's position vis-a-via government:

> Because government departments are pushing more things onto NGOs, in a funny way the flip side of that is I think government departments need NGOs in some ways more than they might have in the past as well. It might be dependence, but it goes both ways. (CEO, large NSW organisation).

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1 In fact an organization that has tax exempt status by virtue of being a charity risks loosing that status by extensive advocacy regardless of whether it receives government funding

An interesting issue raised by research participants in this study is the way in which they defined advocacy. For example, a number of participants defined advocacy in terms of influencing policy making and implementation and not in the more conventional forms of 'political advocacy work'.

> Well maybe we don't do advocacy, maybe what I see the role of something like a *critical friend*, adding another dimension to the debate (small Queensland organisation)

It indicates that some organisations have developed quite strategic approaches to undertaking advocacy work within a more conservative political environment. For example, several organisations in this study were active on government committees of one sort or another, although opinion is divided as to whether this is an effective advocacy tool or not. For some, a personal relationship with the Department is the major channel for maintaining a strong input into government policy *before* it becomes fixed in concrete:

> Personally I think it does get down to personal relationships and that in terms of the partnership that you are involved in and I would say they are very much partnerships in terms of the projects that we are involved in. Partnerships to the extent where if I see an issue emerging somewhere that is potentially going to be a problem then I will just ring the director and say I can see this coming or this isn't going to go down well we need to deal with this and they will deal with it really quickly. Similarly that is the sort of relationship we have so we have some formal processes in place but there are also the informal conversations probably. (CEO large Queensland organisation)

Governments of all persuasions were more receptive to negotiations behind the scenes, with representatives of many key third sector organisations sitting on various government committees. This provided them with opportunities for policy impact, which some organisations valued. For others committee work is an extremely time consuming process which deflects energy from more direct advocacy. Some organisations expressed a frustration that by taking part in a committee, they were largely co-opted into the government agenda, with reduced capacity for independent critique. One condition of being on these committees was that they could not consult with other third sector organisations, or claim to represent a wider constituency.

All organisations interviewed across four clusters or types of organisation and two States, expressed a belief that relationships with the Commonwealth government was difficult, most funding for advocacy work had been reduced or removed, and there was considerable pressure to support government policy or remain silent. Relationships with State Government Departments were more "mature", a term frequently used by respondents. By this was meant that most State Departments were willing to engage with dissenting advice, while still providing considerable funding, although this also varied by Department and by issue. NSW State Departments appear to be more accepting of third sector advocacy than is the case in Queensland, perhaps because the sector in

NSW is large and well established. In practice there appears to be decreasing tolerance to 'political advocacy' by organisations funded by state governments. The line between the community sector human service organisations and the state is increasingly blurred. This is quite evident in Queensland, where the state Premier, conflated state human services organisations (health, education and welfare) with non-government community sector organisations. He incorrectly refers to all of them as 'the community sector service providers' (Qld Government, 1998).[2]

Overall, there is some support for the position that government funding may have a slightly positive effect, as any suppression impact is outweighed by the government's dependence on the community organisations it funds (Dalton and Lyons 2005; Chaves et al. 2004). Thus, organisations may be able to advocate in areas that do not directly challenge government policy. Their opinions may be sought on committees and in developing responses to specific emerging problems. In these cases, they are, as Salamon (2002) suggests, acting as collaborative partners in policy making. Still the repeated use of words such as 'compliance' and 'accountability' and 'micro-management' suggest concern with government funders remains and runs deep. It appears that such collaboration disappears when advocacy organisations seek to challenge existing policy, or place new items on the policy agenda. Some departments, in some jurisdictions are willing to allow such challenges, but others are not. Even where collaboration does occur, the advocacy organisation is limited in their capacity to consult with other third sector organisations, and/or to make media statements. In these cases, it does appear that dependency on government funding places strong limits on the form and extent of allowable advocacy.

An Alternative Funding Model

For most organisations it is simply not feasible to obtain significant funding from non-government sources while maintaining an advocacy program. The most obvious source of non-government funding is self-funding; usually in the case of peak organisations this refers to levies or contribution drawn from member organisation. However those member organisations are rarely in a position to contribute significant funds as they are themselves struggling to meet enormous service demands with inadequate funding. Even where the advocacy program is funded from independent sources, but where the main service delivery is funded from government sources, that dependency renders the organisation vulnerable to government pressure, and the perceived threat of losing tax exempt status. This of course varies enormously depending on which department, what kind of advocacy and what level of government. If organisations are to maintain the capacity to provide 'frank and fearless' advice and to provide appropriate systemic advocacy for their constituencies, then they need to be able to access alternative resources to do so, ones not tied directly to line management government control.

2   United States researchers Hal and Nancy Lawson report an increasing blurring of boundaries between the state and non profits in their most recent research in the child and family welfare field.

However an alternative model of funding does already exist, one that appears to cut through the mechanisms that compromise the capacity of organisations for systemic advocacy. That alternative model is the Public Purpose Fund in NSW. Other States have similar funds, though they may be named differently. The NSW fund is established under NSW State legislation, but is kept at arms length from any government department. The Fund is made up of 'all interest on money in any general trust account at an ADI (Authorised Deposit-taking Institution) [which] is payable to the Law Society' for the Public Purpose Account (NSW, Legal Profession Act 2004). This potentially amounts to tens of millions of dollars. The Fund is managed and controlled by 4 Trustees, the Director General and three appointees of the Attorney General, two of whom are nominees of the President of the Law Society.

The Funding is available for any recognized public purpose, within the field of Law and legal practice. The process for application requires a report of past activities, and a statement of proposal for use of the funding for the period sought (in some cases this is a three year period). It appears that the trustees have the broad discretion to determine allocation for funding that is used for the public good. The Act specifies a number of activities that can be appropriately funded. They include: legal education, law reform, improved access to legal information and services. Systemic advocacy is broadly endorsed. The Law Society Council includes a copy of the annual report of income and expenditure of the Public Purpose Fund in its own annual report. Funded organisations are expected to submit copies of their annual report, and other evidence of effective focus to the Public Purpose Fund Trustees. However, reporting is not onerous or tied to a predetermined government agenda. We came across three organisations that were funded in this way, and they were among the most effective in terms of advocacy programs.

While the Public Purpose Fund is largely limited to matters relating to the Law, there is no reason why similar Public Purpose Funds could not be created in other jurisdictions. For example, there is currently money accrued from interest on Bonds payed for rental property. There are likely to be similar moneys elsewhere, i.e. funds accrued that are 'untouchable by any party'. They would need to be tied to a fiscal base, perhaps a tax base, but drawn from 'return on investment' funds. They could well be made available for broad public interest advocacy organisations in all fields of human and environmental services. Such Funds would need government oversight, but at a step removed from the hurly burly of political operational engagement.

This is not to argue for reduced accountability for advocacy funding, but only for a redirection of upward accountability away from the direct line-management department concerned with service provision. The proposed funding model does not jeopardise accountability – particularly if a more holistic understanding of accountability is assumed. That is that there is *both* upward and downward accountability.

Traditional conceptions have a relatively narrow view of accountability, which provides only those who wield formal authority over the organization with the right to hold them to account (Kovach et al. 2003: 3). Generally in the third sector, these traditions apply, and accountability lines run upward to the same department that is responsible for service provision funding. Ebrahim (2003) who has done an extensive review of third sector accountability mechanisms points out that mechanisms to enhance accountability downwards to constituencies being served remain comparatively underdeveloped. Thus the accountability system prioritizes certain relationships over others, usually in favour of the donor or the certification body, rather than in favour of the beneficiaries. Johnson refers to this as the "accountability gap" (Johnson 2001).

One issue here concerns the likely recipient of Public Purpose Funding. If funding is limited to peak organisations, and not also made available for advocacy activities in other, service delivery organisations, then it may have the unintended effect of actually reducing the capacity to advocate among the rank and file organisation and so divorce advocacy from service delivery further. Yet a major strength of the third sector is that its advocacy is informed by direct, grounded experience derived through service delivery, as well as via the broader analysis of peaks.

Another issue is that, while the proposed model is based on State funds, the respondents in the study were much more critical of Commonwealth than State government interference. This suggests that such an "Advocacy Public Purpose Fund" would need to cross State boundaries, and preferably be drawn from the Commonwealth, again with broad but indirect oversight. It would also suggest that such a fund would need to be large enough to encompass the many needs of a diverse sector and its defence of social justice and the environment. With a change to a new Labour Commonwealth Government, such a national advocacy public purpose fund may become possible.

The model in many ways is in keeping with the growing trend by the former Commonwealth Government to establish a large investment of a base capital with interest from that investment funding continuing activities such as Aboriginal Land Councils, The Futures Fund, and the University Endowment fund. Endowment funds involve a transfer of money or property donated to an institution, with the stipulation that it be invested, and the principal remain intact. This allows for the donation to have a much greater impact over a long period of time than if it were spent all at once. Elsewhere, the term is principally applied to Endowment Funds established and operated by Universities (National Association of Colleges and University Business Professionals' Endowment Study, 2007). While the concept may need some further development, it is not unachievable.

We may conclude that all is not well in the world of systemic advocacy, and that this situation places a grave threat to the maintenance of a healthy democracy. The need to separate the funding mechanism of non-profit human service organisations from the monitoring, evaluating and regulation of state human service delivery of programs has long been a contentious issue between the state

and non-government, third sector. Traditionally they have been conflated with state line agencies both funding and monitoring non-government organisations. This is seen as a major conflict of interest.[3] To rectify this situation alternative funding sources need to be made available for systemic advocacy, alternatives which nonetheless draw on a public purpose fund and are accountable to the state, but not to a specific service department. Such alternatives are not only possible, but already exist in some jurisdictions. Urgent action is required to support a basis for responsible autonomy within the Third Sector for systemic advocacy.

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3 In an earlier study (Melville & Perkins (2003:89), one respondent suggested that all applications for federal funding go to a federal Senate budgetary committee and not directly to federal line agencies. The committee would determine the merit of funding applications, which would establish some degree of autonomy for nonprofit human service organisations involved in both advocacy and delivery of services.

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