Implications of government funding of advocacy for nonprofit independence and exploration of alternative advocacy funding models.


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This paper reports one aspect of an ongoing ARC Linkage project examining Australian advocacy in the age of compacts. In particular, we examine the effect of funding contracts on the capacity of 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 indeed advocating for the broader public good.

Definitions

The term “advocacy” incorporates action taken to further the interests of particular client groups and, more directly, politically-focused activity (Onyx and Dalton 2006). The latter refers to what Jenkins has described as “political advocacy” that is “any attempt to influence the decision of any institutional elite on behalf of a collective interest” (Jenkins 1987: 297). Two aspects of this definition 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 intuitional tactics such as replying, responding to government submissions and participating in government 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 nonprofit 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 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 1. by schooling those that participate in them in democratic practices and by providing an environment where they learn about political issues or participate in political action (Verba et al. 1995) and 2. by ensuring that the views and voices of all interests are represented in the policy process.

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.

The Relationship Between Government Funder and Nonprofits in Human Service and environmental organisations

Funding is an issue for all third sector organisations. It is particularly an issue for those human service and environmental organisations which 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 has examined the effects on reliance on government funding on capacity to conduct advocacy have 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).
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’. 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. The present study examines systemic advocacy within the context of the institutional relationships between the policy actors – advocacy organisations and the state.

Method
The paper presents an analysis of in-depth interviews with senior executives of 24 nonprofit organisations from across the human services and the environment ‘industries’. The analysis highlights the diverse ways that groups interact with government funding agencies and how funding relationships may or may not affect the capacity of nonprofits to engage in advocacy. To inform the analysis we adopted a case method approach, involving twelve comparative, paired cases across NSW and Queensland. It involved an ethnographic observational methodology over time, including some observation as well as the identification of relevant minutes, correspondence and other secondary documentation, and in-depth interviews with key informants.

To maximise coverage of diverse organisations within each field or industry (or in our terminology “cluster”) 4 organisations were identified by relevant peak bodies as ‘institutional’ (Org I) 1 as ‘competitive or non-institutional’ (Org NonI) 1 small (org S) and 1 large organization (Org L). Thus, within each “cluster” 2 of the organisations interviewed can be plotted on the large / small axis and the 2 of the organisations interviewed can be plotted on the institutional / non-institutional axis. The purpose of this distinction was to capture potential differences by size and organizational type on forms of advocacy.

Our industry partners were actively involved in determining the 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. These are major sites of community sector institutional reforms, social and political stress, and political contestation.
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.

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.

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 pulled in the past.

All three organizations expressed great relief that they aren’t constrained to the extent that ACOSS is under its 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.

**Environmental Organisations**  
Of the four environmental organisations 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 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 Commonwealth Government were more problematic and difficult, and generally entailed a loss or reduction in funding. Local Government councils were a small but growing target for some organizations, and for organization D, 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.

Three of the organizations relied on funding that was largely independent of government. All regarded this fact 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, that is on projects in which the objectives of government and of the organization coincided. However one large, membership based, peak organization remained dependent on 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.

J 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 Org C)

**Disabilities**  
All four of the CEOs of 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 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.”

Several political factors were also identified as shaping the relationship. Three of the CEOs interviewed expressed concern about federal government departments more actively seeking to control advocacy activities, using words such as “compliance” and “accountability” and “micro-management”. According to one CEO:

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.

I approached somebody and said can you do some work, can you do a workshop on new and emerging communities she said: “It is not in my work plan, but I will go to DIMIA and find out.” That is the level of control that people work under.

One CEO 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.”

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.

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 a number of astute observations were made by research participants. First, the state system was under incredible pressure and there were windows of opportunity for the non-government sector to have considerable impact into policy.

I think is 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

The following quotations demonstrates 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 within the non-government sector 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 best it can be? How can we work together, so it is not about having conversations around you are not doing? This is about system is failing in this area how can we plug it up?

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 CEO stated:

We always try and maintain a respectful relationship because government objectives and our objectives.. And 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 .

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 control over policy formation and implementation, and not silencing dissent.

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 .
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 a 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 confronting contemporary policy makers, when multiple voices say different things and all of them ‘claim to represent disadvantaged people’. The CEO put it this way:

We have separated political advocacy from human service advocacy and we always tell everybody that is their rights to advocate as a citizen whatever the want to advocate. If they are in a group and they agree in a group to put up A, B, C and D, then they can’t go around off in the name of the groups and put up F… they can do that as an individual because of the democratic process says they can. If they are trying to get group process then people have to live with the compromises they make and then as individuals decide whether they go politically as an individual but they can’t do it in the name of the groups

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 nonprofit organisations the state funded.

**Discussion**

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), Sawyer (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. The short term nature of contract funding has a direct and negative impact on the capacity of organisations to advocate:

> two years of funding maybe at the most three years of funding and quite often one year of funding disempowers organizations hugely…I think that can have huge constraints on being a really effective advocacy model because you’re constrained by what kind of planning you can do on longer-term … sometimes the imperative to maintain organizational capacity can be in conflict with commitment to some social mission….you have to maintain that with the funds coming in…..
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 advocacy can only be funded from the shrinking pool of uncommitted funds, private membership or fundraising. Any use of government funds may lead to defunding, or removal of tax-exempt status. 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 and we lie about it…so we are very creative about how we report.”

One CEO did make that 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 govt:

> 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.

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

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.

For others it is extremely time consuming process which deflects energy from more direct advocacy. Nonetheless there is some support for the position that government funding overall 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). Still the repeated use of words such as
“compliance” and “accountability” and “micro-management” suggest concern with government funders remains and runs deep. It does appear that for most third sector organisations, for most of the time, dependency on government funding, while it may not curtail all advocacy, certainly places strong limits on its form and extent. 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 government control.

Reactions of the sector to recent events, as indicated in our interviews, do suggest that the perception that current federal and state governments wish to suppress advocacy is increasingly common. Comments made during the course of our in-depth interviews also seem to support the case that concern over the capacities of government to constrain advocacy are relatively widespread. There is a pattern of constraint operating regardless of state or federal levels of government. For example, the federal government continues to place major impediments on advocacy by funded organisations. In contrast, while state governments appear to be more tolerant of advocacy by funded organisations; this is not always the case. In practice there appears to be decreasing tolerance to ‘political advocacy’ by organisation 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, conflates state funded human services organisations (health, education and welfare) with non-government community sector organisations. He refers to them as ‘the community sector service providers’ (Qld Government, 1998).

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. 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. This of course varies enormously depending on which department, what kind of advocacy and what level of government. All organisations interviewed across four clusters or types of organisation and two states, agreed that relationships with the Commonwealth government was difficult, most advocacy funding 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. 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. However some organisations expressed some frustration that this meant that, while they had some policy

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1 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.
impact, they were largely co-opted into the government agenda, with reduced capacity for independent critique.

However an alternative model of funding does already exist, one which appears to cut through the mechanisms which 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 (?) is payable to the Law Society” for the Public Purpose Account. This amounts to an estimated $100,000 per year. The Fund is managed and controlled by 4 Trustees, the Attorney 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, usually within the field of Law. The process for application requires a report of past activities, and a statement of proposal for use of the funding for the next three years. Funding is for a three year period. The criteria for assessment is whether or not the fund is used for the public good. The Act specifies a number of activities that could be appropriately funded. They include: legal education, law reform, improved access to legal information and services. Systemic advocacy is specifically endorsed. The Law Society Council includes a copy of the annual report of income and expenditure of the PPF in its own annual report. Funded organisations are expected to submit copies of their annual report, and other evidence of effective focus to the PPF Trustees. However, reporting is not onerous or tied to a predetermined government agenda. We came across three organisations which 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 PPFs 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 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.

One issue here 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.
This model in many ways is in keeping with the growing trend by the Commonwealth Government to establish a large investment of a base capital with interest from that investment funding continuing activities eg Aboriginal Land Councils, The Futures Fund, University Endowment fund….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 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. 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.

References


1 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 to establish some degree of autonomy for nonprofit human service organisations involved in both advocacy and delivery of services.

