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The Third Sector

How many types of organisations/sectors?

We are familiar with:

- Business organisations;
- Government organisations.

But what about:

- The Australian Football League;
- The Uniting Church;
- Sydney Grammar;
- Mission Australia;
- Greenpeace;
- The Australian Workers' Union;
- Business Council Of Australia;
- The Mater Hospital;
- Canine Council Of New South Wales?

That is, organisations known variously as societies, charities, churches, unions, clubs, associations, cooperatives etc.

These constitute a distinct third sector.

Third Sector: defining features

- Democratic; and/or
- Non-profit

Most are democratic and non-profit.

A few are democratic but not strictly non-profit.

A few are not democratic but are non-profit.

Many are public serving.

Many are member serving.

Third Sector

Distinctive characteristics of third sector organisations:

- Centrality of values;
- Complexity of revenue generation;
- Reliance on volunteers;
- Difficulty in judging performance;
- Accountability; and
- Board/staff conflict.

Contributes to Australia's:

- Economy - generates employment, provides services that for-profit firms and governments fail to supply;

- Society - expressions of peoples' capacity to join together, to work together for self (mutuality) and others (altruism), a product of, but also regenerates social capital; and
- Political system - vehicle that enables ordinary people to participate in the political process; "elementary schools of democracy", the most important manifestation of civil society.

International comparisons

Australia's non-profit sector

- Almost as large as the United States' non-profit sector
- (7.2% of employment versus 7.8%);
- Larger than the United Kingdom's;
- Strong across several fields (education, health, community services, sport and recreation)
- USA - concentrated in health.

UK – concentrated in education

But giving and volunteering

Lower than US and UK

Highlights

- The non-profit sector contributed about \$15 billion or 3% to the gross domestic product; the third sector 3.3%;
- Third sector organisations contributed nearly 8% of all jobs in Australia;
- Non-profit sector expenditure is four times as large as all local government current expenditure across Australia;
- Non-profit sector expenditure is almost as large as current expenditure by the governments of New South Wales and Victoria, Australia's two largest states;
- The turnover of the third sector was larger than that of Australia's mining industry;
- The non-profit sector employed more people than the communications and hospitality industries combined;
- In 1997, Australians donated \$2.8 billion to third sector organizations;
- In 1994/95, 2.3 million Australians volunteered a total of 374 million hours for third sector organisations. This was the equivalent of another \$7.5 billion donation; and
- In 1997, 8.6 million Australians belonged to third sector organisations, approximately 65% of the adult population. More than one third of the population belonged to two or more organisations. Australians describing themselves as active members numbered 3.25 million; 25% of the adult population.

Relations with governments

Internationally

Growing respect

- UK: Compact
- Canada: Accord

But this respect preceded by many components of the sector joining together and conducting their own review of the sector.

Australia

- Piecemeal/fragmented relations;
- Support, but varied conditions attached to that support;
- In some cases, relationship is almost a partnership: in other cases it is exploitative and acrimonious;
- In community services and parts of health; and
- Exploitative (monopsony abuse)

No understanding / no grasp in government of the third sector and its overall contribution to Australia

The Future...

Internationally

Third sector has grown remarkably over past 35 years

- Collapse of communism;
- Modifications to welfare states;
- Recognition of environmental crisis; and
- Growth of educated middle class.

Most forecasters see a greatly enhanced role for the third sector in this new century.

But not in Australia

- Signs of decline: Traditional membership organisations (unions, service clubs, political parties, churches, guides/scouts, mutuals, cooperatives).
- Signs of growth: Volunteering declined in the 1980s and early 90s but is now growing.

The challenge to all Australians: to engage, to participate...

The challenge to all the third sector: to recognise their shared features, to renew and to renew.