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## **Challenges to NGOs' Legitimacy in Policy Governance in Australia: Addressing the Neo-Liberal Critique**

### **Introduction**

For some years there has been a growing vocal critique of the role of NGOs in policy governance. This has occurred at both a 'global' level and at the national state level in Australia. A key criticism has been that NGOs should not be influential in public policy because they are undemocratic, and by implication, not a legitimate part of democratic governance. This paper argues that this is a primarily neo-liberal critique and that it is based on a limited and outmoded idea of how democracy is constituted. Further, this paper seeks to demonstrate the inherently democratic nature and role of NGOs, not as a proposition that puts them above any critique, but as a valuing and recognition of their role and potential in democracy.

Based on some very recent (2004) research that explored democratic characteristics in Australian NGOs and on theoretical challenges to limited conceptions of democracy, understandings of the nature and legitimacy of NGOs in Australian policy governance will be explored.

Despite an active critique, NGOs are increasingly significant in the context of the current Australian polity of neo-liberal dominance and the pursuit of the diminution of the welfare state and state services generally, as they increasingly take up the responsibilities for traditional state activities. This is acknowledged and recognised by the critics of their role (Hywood, 2004; Johns and Roskam, 2004). Also, as Frumkin observes of nonprofit organisations (or NGOs), they play a critical political role because when they "speak directly to public need and lead collectivities to devise effective solutions to public problems", they can overcome "cynicism and distrust" that tends to stifle civil society and political engagement (2002: 29). His further observation that the ability of 'nonprofits' and their voluntary activity to mobilise and connect individuals has direct and indirect political implications, is rendered very strongly in the Australian context (Frumkin, 2002:

29). In fact it is the perception of the highly political nature of NGO advocacy and civic engagement (generally of the 'left') that provokes the conservative and neo-liberal critiques about their legitimacy. It is suggested that in a pluralistic society such as Australia's, the diversity of input into political and social debates by NGOs both contributes to and enhances the representation of ideas and values that builds strong and genuine democracy. NGOs also contribute to "the effective operation of a democratic political system" (Lyons, 2004, p. 281). This is supported by Dryzeck's assertion that a "vital civil society" is characterised by the contestation of discourses and that the "authenticity of democracy" requires that this process influences collective outcomes as both an orientation of the state (policy) and as "discursive mechanisms for the transmission of public opinion" (2000: 162).

NGOs play a significant civic role in the Australian community but also a significant role as service providers and as alternate sites of policy governance and research (Lyons, 2004, p. 280-281). The significant reliance on volunteers in the NGO sector (1.5 million volunteer involvements per year in Australia (ABS 2000)) is an indicator of the level of civic participation they offer. Further, their role in providing avenues for social, moral and political review of key societal issues, via entry into contentious politics and contributing to innovation in policy development and implementation are central to a healthy civil society (Snaveley and Desai, 2001: 252).

Although there is a solid body of research on the third sector in Australia (eg Lyons 1996, 1998, 1999, 2001; Melville, 2004; Woodward and Marshall, 2004) there is an absence of systematic non-sectorial work on challenges to the legitimacy of NGOs as key actors in policy governance. In the context of NGO and wider literature, the critique of their role in policy governance appears to be counter to the widespread agreement on NGOs' increasing influence and significance in civil society, global social policy and government policy (Higgot et al, 2000; Hudock, 1999; O'Brien, et al, 2001; Lyons, 1998a).

Policy governance criticism, which is inclusive of a critique of the charitable status of NGOs (or not-for profit organisations), is also part of a wider political and legislative tension in Australia. Many NGOs are struggling to retain their place in policy advisory roles, maintain charitable tax advantages and core government expenditure in their areas of interest, all of which are threatened by a critique of their advocacy function and general legitimacy. Melville's recent research on Australian 'peak body' NGOs found that they are operating in a context of eroding democratic institutions and policy-making under neo-liberalism (2003, p. 108) and it is the advocacy role that many NGOs have adopted, as a key function, which incites the greatest attack on their legitimacy. These attacks currently come from two major sources, the current Australian Government and 'right-wing' think tanks such as the Institute of Public Affairs (IPA). Up until as recently as three or four years ago, prior to the corporate take-up of social responsibility, there were a number of companies (particularly in the resources sector) also engaged in an active critique of NGOs. In fact the more corporations form partnerships with and include NGOs as stakeholders in their activities, the more they too come under attack by the same critics as NGOs (eg Henderson, 2000).

In responding to the neo-liberal critique and challenges to NGO's role and contribution to democracy, two considerations are explored in this paper. They are: the wider role of NGOs in democracy and the democratic nature of Australian NGOs.

### **Redefining Democracy**

A key limitation of a critique of NGOs as non-democratic is the commonly narrow conceptualisation of democracy both external to and within NGOs. In drawing parallels with institutional or electoral democracy and the legitimacy of NGOs, the detractors of NGOs' legitimacy reflect their political ideology rather than a logical or reasoned contextual argument. They are also limited by their conceptualisation of the notion of democracy. It is therefore important to challenge limited ideas about democracy and examine it as a dynamic process of representation and participation, evolving and reforming to ensure that voices are heard and exclusion is minimised.

The current neo-liberal conception of democracy relies on a limited classical liberalist framework, which can only be realised through electoral or parliamentary democracy and sees the state as the primary site of power in the community (Held, 1994: 88). This is not a position exclusive to the Australian context of neo-liberal governance but, as Fung and Wright point out, is characteristic of the broad ‘right’ in politics and government across western democracies (2003: 3-4). They also note that institutional forms of democracy are ill suited to the contemporary world and its novel problems. The argument for a reduced or minimal state, the key neo-liberal agenda, and the adherence to economy over social responsibility has meant the ‘thinning’ of politics as a part of contemporary neo-liberal democracy. As Fung and Wright state, “the thrust of much political energy in developed industrial democracies in recent years has been to reduce the role of politics altogether” (2003: 4). They claim that key instruments of neo-liberal reform such as privatisation, deregulation and the diminution of the welfare state are counter to notions of participation, working against greater responsiveness, creativity and “effective forms of democratic state intervention” (2000:34).

Australian democracy is, in a sense, weaker due to its lack of diversity of policy between the major political parties. It appears that the broad Australian polity, even the left, accepts the “limited popular constraint” on the state and the “retreat to privatism and political passivity” (Fung and Wright, 2003: 4) amongst its people. It is arguable that the only sites of resistance to this passivity are in the non-government or third sector. The dynamic and often vocal NGOs and social movements that encompass them are resisting the broad directions of passive Australian democracy, calling on people to express concerns and calling for different responses via their various tools of protest or resistance and spheres of influence. It is also within this sector that a civil society context exists. As Warren observes:

...when associational life is multifaceted and cuts across identities, communities and geographies, and other potential cleavages, it provides a dense social infrastructure enabling pluralistic societies to attain a vibrant creativity and diversity within a context of multiple but governable contexts (2001: 3).

The NGOs examined in this paper reflect a key aspect of associationalism, they depend in part at the very least, on voluntary participation and, through advocacy and action, make a collective contribution to wider societal reflexivity and plurality.

In Australia, the NGO activities that provoke the most strident critiques are those that have an impact on the direction of government policy or public will (most regularly discovered through opinion polling and less regularly through formal elections). The advocacy function of NGOs, fighting for people or communities or changes in values, are seen by some critics as policy intervention that skews decision-making away from the stronghold of representative government in power and its “techno-bureaucratic administration” (Fung and Wright, 2004: 3), creating, from a neo-liberal perspective levels of state ‘ungovernability’. In other words it is the advocacy function of NGOs that includes them in policy governance and this is objected to on the grounds of their lack of democracy or representativeness and accountability and transparency (Johns and Roskam, 2004: 20-24). The counter, positive view of NGOs' contribution to policy governance is that it expands democracy and *adds* to pluralistic governance.

The idea of rethinking representativeness in terms of ‘informal representation’ is of increasing interest to scholars (Warren, 2001: Fung and Wright, 2004). There is a growing interest in challenging the limited and constrained conceptualisation of electoral democracy that goes beyond the well-worn paths of ‘participative democracy’ or even ‘deliberative democracy’. In terms of a true challenge to traditional democracy theory, theories around associations and associational democracy afford a high level of value to the role of associations (which is inclusive of NGOs) in contemporary democracy and in the case of Hirst (1994), as the centre of the future for democratic governance. As Hirst points out “associationalism”, promoting governance through associations is not a new idea having been developed in the nineteenth century as an alternative to liberal individualism and socialist collectivism (1994: 15). Even at this time many associationalists saw representative democracy as a flawed system of representation, “that it gave effective expression neither to the actual wills of individual electors, nor to the social interests” of the time (Hirst, 1994: 16).

Warren (2004) agrees with Fung and Wright (2004) in their view that the contemporary, globalised world requires new understandings of how democracy can work and be applied. Warren points out four limitations with institutional accounts of democracy. They include the constraint of territorial constituencies, the emergence of “formal political collectivities”, the increased and legitimised role of “civil society organisations” (such as NGOs) in global governance and that the process of group representation (corporatist influence over policy governance) is changing from working on the “inside” via institutional pathways such as established political parties to “outside” activities (Warren, 2004: 8). Also integral to the processes of globalisation, is the development and influence of transnational networks, ideas and causes. NGOs are central to social movements and can be seen as a part of a burgeoning informal global democracy.

In broad critiques of democracy as a system of governance, similar problems emerge as those identified as flaws of NGO governance. As Shapiro and Hacker-Cordón point out democracy theory does not withstand questions about its own scope very well (1999: 1). In examining the varied definitions of democracy, there is a theme that emerges which sees democracy as rule by “the people” within states and is often inclusive of civil society organisations (including NGOs). There is also an assumption of a set of rights afforded individuals in a liberal democracy, such as freedom of speech and assembly and as Dahl suggests, democracy is seen as a system of popular control over governmental policies and decisions (1999: 20). What he also points out, and bases strong scepticism on, is that the process of delegation of authority in government means that actual decisions are made by a few (1999: 22). There is, then, in the operation of governance, scope for influence and change based on understandings of what is best for “the people”. As we don’t operate on a deliberative democracy model, the provision of advice, information (through research or lived experience or polling) and values (through political parties, lobbying, public protest or media events) are tools for those with delegated authority to choose to use to make decisions. Some decisions will be made outside the usual pattern of electoral accountability. Decisions about national security or indeed environmental security may present as immediate and necessary, therefore most democratic

governments have capacity to make such decisions without going back to the people. The role of NGOs and social movements is not unlike any other interest group or lobbyist in this respect. This informality in policy governance affords NGOs a level of legitimacy in democratic governance that is both reasonable and representative. Accepting this requires a shift away from the idea of the state as the locus of or primary holder of power as well as the primary determinant of policy. In other words, recognising the informality that already exists is counter to the liberalist notion of representative democracy.

Edwards, a prominent NGO scholar, has effectively argued, for a number of years that NGOs do face a struggle to maintain their legitimacy (1999; 2000). He has focussed on three grounds for NGO legitimacy, including: exercising a voice for causes rather than claiming representativeness; ensuring minimum standards of integrity and performance through greater accountability and by ensuring that Northern NGOs don't take over and dominate the agenda or Southern NGOs (Edwards, 2000). He also emphasises that expression of alternative ideas is crucial to participatory democracy and that "participatory democracy is the natural territory of NGOs, whereas representative democracy is the natural territory of governments". However, both must exist if politics is to function in the public interest (Edwards, 2003:1).

Edward's distinction between participatory democracy and representative democracy does not entirely account for the capacity of NGOs and social movements to hold sway over the direction of public opinion, thus influencing the outcome of an election, nor their capacity to be included in formal governmental decisions via structured advisory mechanisms (such as advisory councils and project committees).

It is *this* capacity which contributes to policy governance and effective social change. In one sense, the capacity to mobilise public support for and media interest in a specific cause is the central aspect of NGOs' place in a democratic process. The capacity of NGOs to push public problems onto public policy agendas demonstrates their important contribution to democracy. This process fits into what Fung and Wright describe as

possible “transformative democratic strategies” which advance values that they see as absent from the current neo-liberal state (2003: 4).

However, it is not the purpose of this paper to offer a theory of informal democracy but rather to add to the discussion about how NGOs might proceed as recognised contributors to democracy rather than detractors of democracy. Clearly, there are problems within current, dominant democratic theories around the inclusion of NGOs in legitimate governance. Apart from deliberate corporatist arrangements (much stronger under Australia's previous federal Labor government than currently), there are no easy political compatibilities with the political role of advocacy that many NGOs adopt. These types of problems are inherent in the nature of informal representation.

As Warren observes, NGOs can often over-represent better resourced people, as people with greater education and higher incomes are most likely to be NGO activists (2004: 15). There is also a risk of the disingenuous activist. That is, one who operates to exploit causes for personal gain (Lyons, 2004, p. 281) (an often made claim in the catchcry of "industry building" in certain NGO sectors e.g. the "ethnic industry" or the "disabilities industry"). This is an increasing problem with Australian governments' privatisation of welfare and other community services, as it results in the building of organisations with the set purpose of being funded for specific programmes. Responding to this, Lyons argues that an improved regulatory and legislative environment for Australian NGOs would address their tendency to fail and lack accountability (2004, p. 282-283).

The key structural problems that NGOs face in regard to legitimacy in policy governance are around accountability. For many NGOs, accountability poses numerous problems (Leat, 2004, p. 146). Often due to a lack of resources or a deliberate resistance to bureaucratisation, and a less than supportive regulatory environment, accountability is the Achilles heel for NGOs in representativeness in the eyes of NGO critics.

## **The Neo-liberal Critique**

“Welcome to the world of NGOs – non-government organisations – the unelected strata of influence and patronage that lies between voters and their government” (Hywood, 2004).

The above quote is reflective of Hywood’s opinion but it also encapsulates the position of the Institute of Public Affairs (IPA). For the last four or five years the IPA has been conducting what it calls the ‘NGO Project’ designed to actively discredit the policy governance role of NGOs. This project is not limited to Australian NGOs but extends its watch globally with a special focus on the Asia-Pacific region, ensuring a maximised body of evidence against NGO accountability, with its major focus on the role of ‘NGOs in public life’ (Nahan, 2003). The IPA, an unelected non-government, not-for-profit research organisation, has enjoyed some favour with the current Australian government, having recently been commissioned to produce a report on NGO/Government relations, “The Protocol: Managing Relations with NGOs” (2004) as well as providing proposals on regulation for the Australian Tax Office (ATO) (Tomar, 2003; Barns 2003). As pointed out by Tomar (2003) and Barns (2003), the enquiry appeared to have been motivated by the same political objections to NGO participation in policy governance that is promoted by IPA, and, particularly galling for the NGO sector, the most public critic of NGOs from IPA, Gary Johns, was appointed to head the enquiry.

The impact of the proposed ATO legislation would have meant a kind of policing around charitable status and tax deductibility that would have given the Australia Tax Office (ATO) a mandate to cul out NGOs that were too strident in their advocacy efforts. For example, the legislation could have disqualified an organisation if it conducted activities “for the purpose of attempting to change the law or government policy; if it is... more than ancillary or incidental to other purposes of the entity concerned” (as cited in Tomar 2003; 1). Given the widening trend for NGOs to be increasingly involved in advocacy activities, it is a deliberate effort to exclude NGOs from participation in policy governance and, it is suggested, effectively restrains and limits Australian democracy. As Tomar also points out the IPA enjoys tax-exempt status under the Tax Assessment Act

currently (2003: 10), given its strident efforts to influence government thinking and legislation, would it survive its own scrutiny?

It is important to note, however, that in the climate of a looming federal election the review of ATO legislative proposals were shelved by the Treasurer and have therefore not been implemented. Also the Minister for Community Services, the Honourable Kay Patterson, issued a careful, diplomatic press release upon receipt of 'The Protocol: Managing Relations with NGOs' report, stating that "this Government welcomes the increased level of engagement with the non-government sector that has occurred over recent years" (Patterson 2004). The Minister's comments about the report's recommendations reflected none of the critiques of NGO transparency and accountability that appear to be the primary drivers of the report (Patterson, 2004).

However the commissioning of this work by the current, neo-liberal government confirms a political compatibility with the IPA and would have been done in full awareness of the 'NGO Project'. Despite, the 'Protocols' report's highly bureaucratic focus on government department/NGO relationships and proposed 'protocols', the implied critique of unjust policy influence is threaded throughout the structure, approach and analysis within the report. For example, in a summary of why certain types of relationships were examined in the report it focuses on key capacities for NGOs to wield policy influence. They are, the provision of information by departments to NGOs, NGO membership of departmental advisory committees, NGO membership of delegations, departmental funding for NGO research and departmental funding for administrative expenses (Johns and Roskam, 2004, p. 5). The set of questions about these relationships or "special status" ignore the common processes of informal democracy discussed above, suggesting special privilege and benefits for NGOs (beyond a citizen's rights) from developing such close policy influence (Johns and Roskam, 2004, p. 6 and 21). Such a critique is not equally or comparatively applied to industry or business groups that are apparently, legitimate players in policy governance.

There is an interesting role reversal in the self-appointed role of the IPA as an NGO watchdog – obviously borrowing from NGO discourse and strategies that NGOs have

applied to the corporate sector and governments for many years. Claims of lack of accountability and transparency have equally been applied to powerful and influential corporations and political parties, both cornerstones of liberal democratic governance. The following statement by Nahan provides insight into the key ideological objection to NGOs' influence:

The lack of transparency and scrutiny seriously undermines the credibility of the NGO sector. The lack of accountability is of particular concern with respect to NGOs that focus on political or advocacy activity and that are foreign funded (2003: 1).

In Nahan's assessment of transparency of foreign funding for NGOs, primarily from large US foundations, in Malaysia, the neo-liberal objections to strengthening environmental causes as anti-economic development are clearly stated (2003:8). He also makes a point of demonstrating that the US funding is by in large supportive of lobbying or advocacy by NGOs for environmental or women's rights, in contrast to what are apparently more legitimate causes of research, training or service provision. The most blatantly ideological aspect of the NGO Project is its neo-liberalist foundation that favours the market over social or environmental causes. It is not surprising that that the critique of NGOs as non-democratic, therefore not legitimate, is also a position of the NGO project.

Similar to Henderson's (2001) "anti-liberalism" thesis, Johns makes claims of an "associational revolution" and that at an international level, NGOs also "assume the mantle of representation" (Johns, 2000: 4). Based on the argument that NGOs can only represent their membership (often criticised for not being a representative membership of any kind) and the causes they promote which are usually minority causes, they are seen to have no direct relationship to wider institutional democracy. Johns argues that civil society, of which NGOs are seen as a critical aspect, can itself be a threat to democratic government:

Civil society... can be a counterweight to a good state as well as a bad one. Civil society and its activists may simply monopolise public resources, they may spend

all their time battling one another for control, they may monopolise society (Johns, 2000: 8).

The underlying values of the NGO Project are clearly guided by the ideology of neo-liberalism and like Henderson (2000), John's critiques are essentially anti-rights, anti-social movements and fundamentally anti-society. Because NGOs voice issues that require collective responses and cut across market solutions, they are seen to be a growing irritant to neo-liberalism. It is crucial not to lose sight of the inherently political nature of the 'NGO Project' and other objections against NGO participation in democratic governance, as it is the very political nature of NGO advocacy that adds to democracy. This is not to suggest that NGOs are beyond criticism. As discussed above, NGOs do have to be accountable and their governance is not beyond reproach. As observed by Woodward and Marshall (2004) there is increasing interest in governance of NGOs and many questions have been raised about their accountability. The research discussed below does not investigate how NGOs operate but rather what kinds of characteristics they have that would indicate a democratic nature and mechanisms for democratic participation. The purpose of the research is to respond and add to the debate about the idea that NGOs are undemocratic by collecting some publicly available information about key democratic organisational mechanisms.

### **NGOs and Democracy Research in Australia**

The following reports on research into the democratic nature of Australian NGOs by starting with the basic question of 'how democratic are they?' This is explored through a 'democracy audit' of publicly available information on a randomly selected group of 250 Australian NGOs. The following is a brief overview of some of the data, providing a 'flavour' of the findings.

Often knowledge of the organisational nature of NGOs in Australia relies on anecdotal understandings rather than research based knowledge. However, it should be noted that at the time of conducting this research, the first half of 2004, there has been a flurry of similar research activity in Australia. One such study, conducted by the Australia Institute was based on an Internet survey of Australian NGOs. It explored perceptions of the current context for Australian NGO's participation in democracy of 290 organisations that

volunteered to respond to the survey (Maddison et al, 2004: 41). This research was driven by the same motivations as this democracy audit study and its findings add weight to observations of the hostile context that currently exists in Australia for NGOs. As with that study this particularly applies to NGOs engaging in any form of advocacy practice, however, the Australia Institute survey is likely to invite criticism because of its voluntary sample which may have resulted in a cohort of NGOs that share the political position inherent in how the research was framed.

In order to avoid a similar problem with firstly establishing a sample and secondly avoiding bias through voluntary participation in the study, the democracy audit process relied on two elements. First, the sample for the study was randomly selected by an international researcher with no familiarity with the NGO sector in Australia, with only four criteria for selection: that the NGO has been a formal organisation (had a constitution); that the NGO operated nationally or internationally; that the NGO appeared to have an advocacy function and; that the sample of NGOs was drawn from a range of specified sectorial groups.

The first key research problem, and an important theoretical question, that arose in the research was around definitions. What is an NGO? NGOs are not-for profit entities, and the term is increasingly used to cover “non-profits”, “charitable organisations”, “the third sector”, “voluntary organisations”, “community-based organisations” or “community sector organisations”. In Australia, all of these terms are used, often interchangeably, therefore posing a difficult problem in NGO research for Australian scholars. Since 1998, there has been an increased use of the term by the organisations themselves as each clearly defined sector, as has been the tradition (Lyons 1996: 1), moves toward adopting the term.

The research was confined to studying NGOs with the characteristics of a non-profit (formal having rules and structures); self-governing; private (non-government); non-profit-distributing (no individual profits from its activities beyond staff paid for their work in the agency); voluntary (relies at least in part on volunteers) (Lyons, 1998b: 11-15) and inclusive of an advocacy function. Most Australian research on NGOs had been

sectorial, in that it focused on types of service or interest or clusters of NGOs such as community welfare; environment; or aid and development organisations. In order to avoid a sectorial cohort for this study the distinction from other types of non-profit organisations was made on the basis of at least one of their functions being advocacy as this was the key link with the challenge to their legitimacy in influencing public policy.

The second key research problem was the selection of NGOs to include in the study and was addressed by narrowing the field further by only examining the organisational democracy of NGOs which operate nationally or internationally. This is necessary as there are some 100,000 incorporated NGOs in Australia with a further 13,500 that are either collectives or 'companies with limited guarantee' (Lyons, 1999: 2). The cohort of NGOs studied was limited to 250, including representation across seven sectors: environment; health; social welfare; aid and development; social justice, ethnicity/race and; indigenous.

The third research problem was around the definition and meaning of 'democracy'. An audit tool was developed that would allow for data on a range of expressions or commitments to democracy, appropriate to the nature of NGOs. This raises key theoretical challenges for narrow understandings of democracy and leads to the most important direction of this research. A key motivation for conducting this research was to establish a challenging starting point for a re-think on the way "representativeness" is understood in relation to democratic policy governance. The contribution of NGOs to policy governance cannot be viewed in the same way as electoral democracy's contribution, although there are many similarities. This distinction is explored further in the paper as a means of analysing the research.

### **Applying a Democracy Audit to Australian NGOs**

As discussed above, the critical focus on the "non-democratic nature" of NGOs has prompted this research. A review of Australian non-profit or NGO literature revealed many explorations of the sectorial nature of NGOs but did not reveal, in an empirical way, how they are structured to reflect democratic values.

## DEMOCRACY AUDIT CRITERIA

<b>1. Broad based membership</b>
1.1 Paid – Yes/No
1.2 Free – Yes/No
1.3 Number of general members
<b>2. Board of Directors/ Executive</b>
2.1 Elected by Membership – Yes/No
2.2 Members of Board Represent Interest Groups or other NGOs - Yes/No
2.3 Proportional number of Board to wider membership – calculated to a percentage
2.4 Chairperson of the board elected by board- Yes/No
2.5 Chairperson elected by broader membership- yes/no
<b>3. Workers</b>
3.1 Positions advertised publicly. Yes/No
3.2 Managerial Independence of work units Yes/No
<b>4. Volunteers</b>
4.1 Includes Volunteers Yes/No
4.2 Trains Volunteers Yes/No
<b>5. Advocacy Function Yes/No</b>
5.1 Advocates to Government Yes/No
5.2 Advocates to Private Sector Yes/No
<b>6. Links to wider social movements Yes/No</b>
<b>7. Funded by public donations Yes/No</b>
7.1 Percentage of overall funding from public support?
<b>8. Self-description of nature of NGO – representative of</b>
a) issue/s
b) groups of people
c) people outside institutional democracy

**Table 1**

This research used a democracy audit technique to assess the level of organisaitonal democracy in Australian NGOs. By identifying organisational democracy measures appropriate to NGOs, an audit tool was developed and applied to public information available on a sample of Australian NGOs. The first application of the tool (Table1) was based on information available via the organisations' web sites. Where specific data was not available a follow-up email was sent to the organisation seeking the missing information, if this was not successful no further investigation was made except in cases where the NGO responded with questions. In these cases their questions were answered either by telephone or email correspondence.

Once applied, the democracy audit tool quantitatively measured the extent to which democratic characteristics occur within NGOs that are national or international in their

scope and have an advocacy function as part of their activities. Based on the initial sample selected, the above audit tool (Table 1) was applied to each NGO.

As can be seen in the above table (Table 1) there are eight criteria in the audit tool. Under each criterion there are sub-sections, which are aimed at drawing out the embedded participation of the particular structure or function. For example the Board of Directors or Executive would be seen to be more democratic if it is elected by the general membership of the organisation. It would also be seen to have a wider democracy, if the members of the board represent other organisations or sectors of interest, this is, in turn, relative to the number of people that form the wider membership.

### **Research Findings**

Of the original sample of 250 NGOs 23 were excluded as it was discovered that they relied totally on government funding (6) or there was insufficient public information available to begin the democracy audit (17), leaving an overall sample of 227.

The following data is represented in two ways, the first is the raw data, that is of the 227 organisations that were audited, including the cases where no data on the particular audit tool could be found, are included in the set, this is indicated by the “no response” data. This is an important consideration as, in relation to some key criteria, there were a significant number of organisations that did not have publicly available information. The second representation of the data relates to the organisations that had available information relating to that particular audit question. Only a small part of the data will be discussed in this paper, to give an overall sense of the findings. The eighth criteria “self-description of NGO” will not be discussed in this paper, as this extensive data will undergo study through a discourse analysis and will be the subject of a later report.

### **NGO Membership**

As can be observed from the data below the majority of NGOs in the study have a broad based membership. General Membership reflects the most basic democratic nature of NGOs and, according to Woodward and Marshall’s stakeholder study are the most valued stakeholders in not-for-profit companies in Australia (2004: 110).

As all of the NGOs in the sample have a constitution, all of the ordinary members have basic democratic rights such as the right to vote and move motions at meetings. Obviously this is an overly simplistic idea of democracy, however it is a key foundation to democracy within NGOs. The following audit criteria aimed to gain a general sense of membership participation.

The first criterion of having a ‘general membership’ is not an absolute criteria, however, Australian NGOs seem more likely than not to have a broad based membership as indicated in the data below. Even though only a little over one half of the sample had general membership, (column 2, Table 2) based on available information for the whole sample, this increased to 62 per cent when the NGOs with available information were audited (column 3, Table 2).

### **Q 1.1 Broad Based Membership<sup>1</sup>**

	<b># OF ORGS.</b>	<b>%OF RESP.</b>	<b>NUMBER</b>
YES	113	62	113
NO	69	38	69
N/A	0	0	0
NR	45	-	-
<b>TOTAL</b>	<b>227</b>	<b>100</b>	<b>182</b>

**Table 2**

The table below (column 2, Table 3) indicates the numbers of members of the NGOs audited. There was no data available for 119 organisations, however membership of the majority of those with data (51%) was over 750 with 19 of those having more than 2000 members, as indicated in column 3, Table 3. This data shows on the one hand a lack of

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<sup>1</sup> Key: NA=Not applicable, NR=No response (no available information)

transparency about membership for half of the audited NGOs and, on the other hand, that the sample reflects the diversity of size of NGOs more generally.

**Q 1.3 Number of General Members**

<b># Members</b>	<b># of Orgs</b>	<b>%Response</b>	<b>#Response</b>
0-250	43	40	43
250-500	8	7	8
500-750	1	1	1
750-2000	11	10	11
2000+	19	18	19
NA	26	24	26
NR	119	-	-
<b>Total</b>	<b>227</b>	<b>100</b>	<b>108</b>

**Table 3**

### **Executive or Board of Directors Elected by Membership**

This audit criterion also suffers from lack of available data in that for 98 of the 227 NGOs there was no available public information or response (column 2, Table 4). However, of the 129 NGOs that had available information about the process of election of the board/executive, 92 (71%) of them elected their board/executive from their general membership (column 3, Table 4). This again reflects a commitment to a basic democratic structure of representation.

#### **Q 2.1 Board of Directors/Executive Elected by Membership**

	<b>#Orgs.</b>	<b>%Response</b>	<b>#Response</b>
YES	92	71	92
NO	22	17	22
N/A	15	12	15
NR	98	-	-
<b>TOTAL</b>	<b>227</b>	<b>100</b>	<b>129</b>

**Table 4**

### **Board Members Representing Other Groups**

This criterion reflects the democratic reach of many NGOs, 106 of the overall sample had boards made up of members representing other groups (column 2, Table 5). This reflects a cumulative democratic principle, which is common within NGOs. Smaller groups use larger organisations to gain support for their activities or objectives. When the group with available data (135) is analysed, 78 percent of the NGOs have boards structured this way (column 3, Table 5). This is particularly the case when smaller organisations don't have the capacity for effective advocacy or to engage in policy governance. This is not dissimilar to the ways political parties utilise the formal, institutional democratic process.

This may also account for the large number of NGOs in the sample that did not have a broad membership (Table 2).

**Q 2.2 Members of Board Represent Interest Groups or Other NGO's**

	<b>#Orgs.</b>	<b>%Response</b>	<b>#Response</b>
YES	106	78	106
NO	27	20	27
N/A	2	1	2
NR	92	-	-
<b>TOTAL</b>	<b>227</b>	<b>100</b>	<b>135</b>

**Table 5**

Further criteria on the boards/executives of the NGOs reflected a mix of arrangements for electing the chairperson of the board. This included 60 NGOs that elected their chairperson by members of the board and 31 that elected their Chairperson from general membership. In around 130 cases there was no information available about this process.

**Workers**

The questions in this criterion are linked to NGOs as workplaces. The first question asks whether positions are advertised publicly. Where there was available information, the majority of NGOs advertise their jobs publicly (column 3 Table 6). This reflects openness in recruitment, and engagement in the wider employment market. In democratic terms, it signals opportunity for participation in the organisation. However 93 (column 2 Table 6) of the NGOs did not have available public information about their recruitment, suggesting another area that could be addressed to improve transparency.

**Q 3.1 Positions Advertised Publicly**

	<b>#Orgs.</b>	<b>%Response</b>	<b>#Response</b>
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YES	108	80	108
NO	18	13	18
N/A	8	6	8
NR	93	-	-
<b>TOTAL</b>	<b>227</b>	<b>100</b>	<b>134</b>

**Table 6**

Other data about workers reflects a spread of responsibility within the NGOs, with more than half (110 of overall sample) having managers (senior workers) in charge of various sections of the NGO, rather than a highly top-down approach.

### **Volunteers**

As volunteering is a recognisable sign of a healthy democracy it is seen as a core characteristic of organisational democracy in NGOs. The democracy audit questions around volunteers are seen as central to the civil engagement role of NGOs and in turn, enhancing their impact as democratic organisations (Isaac and Heller, 2003).

Volunteering is a form of participatory democracy and NGOs are the most common vehicle for the expression of active participation.

As noted by Frumkin (2002) participation as a volunteer is not coerced and, it is suggested is of its very nature, a democratic act. To volunteer is to exercise a decision to contribute beyond formal political and economic citizenship. It is therefore seen as a key measure of an NGO's democratic nature as well as their democratic function. As can be noted from the following data the majority of NGOs include volunteers as part of their organisation. In fact this criterion showed the strongest evidence as 172 of the 227 organisations audited, had details about volunteers in their functioning with 158 of those being positive. From the NGOs that had available information on this criterion, 92% included volunteers (column 3, Table 7).

**Q 4.1 Does the organisation include volunteers?**

	<b>#Orgs.</b>	<b>%Response</b>	<b>#Response</b>
YES	158	92	158
NO	14	8	14
N/A	0	0	0
NR	55	-	
<b>TOTAL</b>	<b>227</b>	<b>100</b>	<b>172</b>

**Table 7**

The second part of this criterion is whether training is provided for volunteers, as this would facilitate greater and more open participation in a range of the organisation's activities through greater access to knowledge. However, it is recognised that the capacity of some NGOs to conduct training would be limited by their overall size and resources. As can be seen below this was either difficult to determine from public information and/or not a strong aspect of NGO activity. However based on the sample that had available information, 74 per cent trained their volunteers (column 3, Table 8) which indicates a majority commitment to more participative volunteering within the organisations.

**Q 4.2 Does the organisation train volunteers?**

	<b>#Orgs.</b>	<b>%Response</b>	<b>#Response</b>
YES	82	74	82
NO	26	23.5	26
N/A	3	2.5	3
NR	116	-	-

<b>TOTAL</b>	<b>227</b>	<b>100</b>	<b>111</b>
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**Table 8**

### **Advocacy**

As noted above, an advocacy function was one of the primary criteria for the sample selection, however, on closer examination some of the sample did not in fact conduct advocacy as an identifiable function. It is not surprising then that 93 per cent (193 NGOs) have an advocacy function. This is further investigated through the questions of what institutions the advocacy is directed toward. More than half (164 NGOs of the overall sample) advocate toward government (Table 9) and nearly as many advocate toward the for-profit sector (150 NGOs) as reflected in Table 10. A further advocacy engagement characteristic measured was use of the media in advocacy (Table 11) and again more than half of the NGOs (150 of the overall sample) use this key democratic tool of the media to conduct advocacy.

#### **Q 5.1 Does the organisation advocate to government?**

	<b>#Orgs.</b>	<b>%Response</b>	<b>#Response</b>
YES	164	91	164
NO	17	9	17
N/A	0	0	0
NR	15	-	
<b>TOTAL</b>	<b>227</b>	<b>100</b>	<b>181</b>

**Table 9**

**Q 5.2 Does the organisation advocate to the for-profit sector?**

	<b>#Orgs.</b>	<b>%Response</b>	<b>#Response</b>
YES	150	87	150
NO	22	13	22
N/A	0	0	0
NR	55	-	-
<b>TOTAL</b>	<b>227</b>	<b>100</b>	<b>172</b>

**Table 10**

**Q 5.3 Does the organisation use the media for advocacy?**

	<b>#Orgs.</b>	<b>%Response</b>	<b>#Response</b>
YES	148	89	148
NO	18	11	18
N/A	0	0	0
NR	61	-	-
<b>TOTAL</b>	<b>227</b>	<b>100</b>	<b>166</b>

**Table 11**

## **Links to Social Movements**

'Links to social movements' is also seen as an important criterion, reflecting participation in informal global democracy structures that are inclusive of a range of interests and goals. As NGOs are clearly the backbone of social movement action these links indicate an important aspect of an advocacy role within NGOs. The data reveals that there is not only a high level of information available on the links, from all but 24 NGOs (column 2, Table 12), but more than 70 percent had strong links (column 3, Table 12). Returning to three of the key limitations of 'institutional accounts' of democracy raised by Warren (2004) as the constraint of territorial constituencies, the emergence of "formal political collectivities" and the increased and legitimised role of "civil society organisations" in global governance, links with social movements are important characteristics of democracy in NGOs. With these links NGOs exercise a promotion of democracy of ideas and social change. It is not surprising that the neo-liberal critique as discussed above moves beyond the constraint of territorial constituencies as it too recognises the borderless influence and engagement of NGOs. This is primarily achieved through social movement networks that seek to influence global social and environmental policies as well as engage with states and institutions.

**Q 6 Does the organisation have links to wider social movements?**

	<b>#Orgs.</b>	<b>%Response</b>	<b>#Response</b>
YES	148	89	148
NO	18	11	18
N/A	0	0	0
NR	61	-	-
<b>TOTAL</b>	<b>227</b>	<b>100</b>	<b>166</b>

**Table 12**

**Public Support for NGOs**

A key characteristic of Australian NGOs is that, despite a recent history of availability of government funds for NGOs, they still rely extensively on public funding. Supporting NGOs through donations can be seen as the exercising of democratic participation. This is a strong characteristic within the sample of NGOs, with 169 receiving public donations (Table 24). From the available information, 68 out of the overall sample obtained more than 41 percent of their funding from public support (Table 25). This not only reflects a public commitment to NGOs, but a way of participating in causes pursued by NGOs. Despite claims of misconception (Hywood, 2004) people donating to NGOs are donating because they support what the NGO says it will do or is seeking to change. This can be seen as a facilitation of the informal democracy discussed above.

**Q .7 Is the organisation funded by public donations? & Q 7.1 What is the percentage of overall funding from public support?**

<b>Public Donations Question 7</b>	<b>#Orgs.</b>	<b>% Fund from Public Support Question. 7.1</b>	<b>#Orgs.</b>
YES	169	0-20	29
NO	25	21-40	9
NA	0	41-60	11
NR	33	61-80	5
-	-	81-100	52
-	-	NA	16
-	-	NR	105
<b>Total</b>	<b>227</b>	<b>-</b>	<b>227</b>

**Table 13**

### **Conclusion**

Motivated by an increasingly vocal neo-liberal critique of NGO legitimacy in policy governance in the Australian context, this paper has sought to do two things. First, to critically engage with the critique by challenging the implicit limitations of implied understandings of democracy. Second, this paper has presented early findings from some recently conducted research on democracy in Australian NGOs. Although it does not definitively answer the question “are Australian NGOs democratic organisations?”, it does provide evidence that, in general Australian NGOs have a number of strong democratic characteristics.

In general, the democracy audit from public information available on the sample of NGOs indicates that NGOs engaged in advocacy and, as a consequence, seeking to engage in policy governance have strong democratic characteristics. These most

obviously include issues around membership participation, voluntary participation, active engagement with democracy mechanisms in advocacy (toward governments, the for-profit sector and the use of the media), links to social movements as a key aspect of informal democracy and widespread support through public donations. As stated earlier, this is not a comprehensive representation or analysis of the data from the research but rather an overview that begins to paint a picture about the democratic nature of NGOs. Further analysis will examine the sector by sector breakdown of the data and analysis of how embedded democracy ideas are in the organisations' self descriptions. What is useful about this data in the context of the neo-liberal critique is that the data refutes core aspects of the neo-liberal claim that NGOs should not be afforded the legitimacy they have in policy governance because they are undemocratic organisations. This is not to suggest that NGOs as a group or individually are above critique and, as the democracy audit process revealed, there are some failures of engagement with broader democracy expectations around transparency and accountability. This is most stark in the lack of public information available on, in relation to some criteria, a large portion of the NGOs audited. This is particularly the case in relation to the way that members of the board are elected and around membership generally. Although this is a negative finding, it does not diminish the nature of NGOs as broadly democratic organisations. This is particularly so, in relation to their contribution to policy governance.

As discussed in the earlier sections of this paper NGOs are crucial to genuine democracy and force democracy to be more relevant to the contemporary context. As observed by Warren (2001, 2004), Dryzeck (2000), Edwards (2000) and Lyons (2004), the civil society role of NGOs is integral to how democracy functions. The contribution NGOs make in advocacy under the current dominance of neo-liberalism deepens Australian democracy and is no more privileged than other interests that influence policy governance, such as business and powerful individuals. NGOs provide avenues for participation and engagement in a diversity of ideas and causes that may otherwise not be met through formal institutional democracy mechanisms. In examining the neo-liberal critique and its implied support from the Australian government, it is clear that it is the primarily political values of the neo-liberal position that drives the critique. In other

words, what the IPA and others object to in the activities of NGOs has more to do with NGOs' threat to a centralised locus of control and power over policy governance and that they cut across market mechanisms to achieve change, than the actual nature of the organisations.

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