



# Australia's Charities and Not-for-profits

## Written Submission

The Options Paper, Australia's Charities and Not-for-profits sets out proposed replacement arrangements for charities in Australia. The paper outlines policy directions proposed by the Government to introduce effective replacement arrangements that reduce the burden of regulation on the civil society sector.

The paper is being released to seek feedback from charities and interested parties on the proposed replacement options. Comments and feedback will inform development of the replacement arrangements. A summary of written submissions will be provided on the Department's website in September 2014.

Please use this submission template to provide your feedback on the proposed replacement arrangements for charities in Australia.

***Completed submissions are to be sent by 20 August 2014 to:***

**consultationwithcharities@dss.gov.au** (preferred method) OR

Civil Society and Programme Delivery Policy Branch

Department of Social Services PO BOX 7576

Canberra Business Centre, ACT 2610

**Submissions received after 20 August may not be considered.**

Unless otherwise stated, the information and feedback you provide may be used for publishing purposes. Please state if you do not wish for your comments to be published.

## Instructions for completing the Submission Template

- Download and save a copy of the template to your computer.
- Refer to the *Options Paper, Australia's Charities and Not-for-profits* for context and discussion questions.
- You do not need to respond to all of the questions.
- Please keep your answers relevant to the topic being addressed, we ask that submissions be limited to two pages.

**Name (first and surname):** Peter Mathie

If submitting on behalf of a company or organisation

**Name of organisation:** The Management Capacity Builder

**Stakeholder category (e.g. service provider, client, peak body, academic):** Service Provider

**State/Territory:** WA

**Contact email address:** peter.mathie@tmcb.com.au

## Response to Options Paper:

Thank you for the opportunity to have input to this important policy development.

### **Corporate Form**

I believe that it is very important to consider our purpose very closely before making decisions about corporate form or any choices we make as a community based upon corporate form.

The status of not-for-profit is available to any corporation that places a “not-for-profit” clause in its founding document. (Constitution/articles of association etc). This does not mean that a corporation is not committed to growth (often a measure of profit) or that it will behave in a particular way. There are many avenues to extract “profit” without issuing dividends or distributions on winding up.

The high number of charities with two board members<sup>1</sup> does not reflect broad involvement or accountability to community.

Government needs to be very careful about defining appropriate expectations for what is now widely referred to as “civil society”. If we are expecting that corporations will be responsive to community, inclusive or charitable then those ideals need to be well defined and monitored.

### **The Work of Government**

Where government grants are provided to not-for-profits we need to be very clear about the reason behind that decision and that needs to be reflected in the terms of grants. If the expectation is that communities will be involved in some way that needs to be stated and reported upon. Locally based community organisations are being pushed out by better resourced contracting organisations that can not be assumed to have strong links to the community.

Where the normal delivery of services that would otherwise be provided by Government are being provided under contract or funding arrangements the level of

---

<sup>1</sup> Ask THE ACNC Perth Presentation Aug 2014

public accountability should be the same as if the Government provided them directly.

### **Red Tape**

Meaningless hurdle jumping should be banished from all government requirements. Accountability should not. Charity regulation and grant management are different things. It is quite reasonable that an organisation with the powers of the ACNC should be offering some assurance that donations to charities are indeed what they are meant to be. It is also reasonable that there is a level of public accountability for the significant contribution made by the community through income tax and FBT deductibility.

Where Government makes grants for the provision of services it is quite proper that these be managed to ensure value is secured across the purpose of the grant. If this includes an assumption of community involvement then measures need to be in place to quantify this as well. It is also quite reasonable that reporting against each grant is provided at a level that informs value for money and policy development.

If corporations are doing work that is privately sponsored then accountability may be a private matter. If work is being sponsored by Government either directly through grants or fee for service then appropriate accountability should be expected it is not red tape, it is accountability.

### **Administration of Policy**

The administration of Australian Government policy of charities can be undertaken within the office of any agency of Government. If the policy is clear then those charged with its administration will carry it out. The duty of every public servant is to implement policy. It is demeaning to suggest that staff working in the ATO can only be motivated to collect revenue.

The ACNC has served us well and if it is necessary to disband it then the closest replica of it that is possible will serve us well.

The advent of the ACNC brought a level of accountability to mainstream corporations that Aboriginal Corporations incorporated under ORIC have complied with for many years. I do not think that level of transparency is onerous and if minimal standards of corporate governance are being maintained there is negligible administration involved with lodgement.

Again, thank you for the opportunity to contribute. I will be happy to add, explain or discuss what I have written on request.

Yours faithfully

Peter Mathie  
20 August 2014