



**Resthaven**  
Incorporated

ABN 79 976 580 833

*An Aged Care Community Service  
of the Uniting Church in Australia  
Established in 1935*

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**RESIDENTIAL CARE SERVICES**

Bellevue Heights

Craigmore

Leabrook

Malvern

Marion

Mitcham

Murray Bridge

Paradise

Westbourne Park

**COMMUNITY SERVICES**

Marion

Murray Bridge & Hills

Naracoorte

North East & Inner West

Northern

Onkaparinga

Paradise & Eastern

Respite

Committee Secretary  
Senate Economics Committee  
Department of the Senate  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Attention: John Hawkins

**August 29, 2008**

Dear Mr Hawkins

**Re: Senate Inquiry into Disclosure Regimes For Charities and Not For Profit (NFP) Organisations**

The following comments are offered in response to the Senate's Inquiry

1. Resthaven Inc is a large organisation, established in 1935, which provides services to older people and currently meets requirements regarding having the status of a "charity", "public benevolent institution (PBI)", "deductible gift recipient". We receive significant funding from State and Federal levels of Government to provide services. We receive fees for services provided from our residents and clients. We believe that Resthaven is an excellent example of the important role that a PBI and Not For Profit Organisation (NFP) provides to the aged care service system. The NFP sector in aged care services have:
  - a) been the key innovators in their relationship with government in advancing the quality and choice of aged care services;
  - b) through their primary focus on aged care services and the reinvestment of financial resources into the development of aged care services (as against a dividend for share holders), the NFP service providers comprise the major segment of services provided to older people and represent a significant proportion of the sectors capacity;
  - c) the NFP sector have been the primary providers of the development and provision of community care services to older people in their homes through their relationship with Government at State and Federal levels;
  - d) notwithstanding the acknowledged deserving focus of the special needs of frail older people in their own right, the NFP sector has had a tradition of also providing services to special needs groups within the aged care service areas, including services to culturally and linguistically diverse groups, financially and socially disadvantaged, the predominant provider of services in rural and remote communities.

We believe that there is a significant role that NFP organisations have in the provision of essential services to older people in the wider community. The Government's special recognition of NFPs and PBIs has been a critical factor in their development of capacity in the past and we trust will continue into the future.

2. We would question the value of subtle changes to terminology (identified in the 2001 Inquiry) given the history of the use of terms that currently exist and that have developed meaning. We would therefore argue not to change definitions of terms such as Not For Profit to Non Profit, Public Benevolent Institution to



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Benevolent Charity. We question whether the change in such terminology adds significant value and therefore merit to justify such a change. There appears some uncertainty in the way the recommendations established in 2001 refer to "altruistic entities" yet other recommendations more specifically define what are acceptable activities of a Charity or PBI. We are mindful of the Australian Tax Office's attempts in the past to review various aspects of terms describing Charities and PBIs and their activities and would not wish to create greater uncertainty by the change in the terms used and previously tested.

Without a full consideration of the merits and reasoning behind the proposed changes in use of terms we revert to the principle or rationale for change that seeks to give certainty to the important activities of a NFP in the eyes of Government and the Australian Taxation Office.

3. Due to changes that arose from the Hogan Review of Pricing Arrangement in Residential Aged Care, the Federal Government now prescribes minimal accounting standards for residential aged care services that are approved and subsidized to operate under the Aged Care Act. These changes appear similar to those argued that may be introduced if a single entity was formed nationally for NFP organisations. We are required to provide audited accounts, report under the general accounting standards and provide accounts that are segmented to reflect the residential care financial performance relative to other segments of our business.

We apply the same accounting standard to the total organisation and this includes our community services division which is not required to report to the same level as the residential care division.

We also provide independent living units that come under the State Government Retirement Villages Act. This Act also prescribes accounting processes and definitions that are to be reported to the residents of the retirement village both at year end and in terms of the budgets established.

Resthaven is incorporated under the Associations Incorporation Act and provides audited statement to the Office of Consumer Affairs and these are accessible to the public under a search and upon paying the required fee.

Resthaven publishes an Annual Report and distributes these to local libraries.

Our concern would be the establishment of new standards for Charities or PBIs that would risk creating additional standards and excessive "red tape", and this is an issue already highlighted as a major challenge within Government Regulations of aged care services. We therefore ask that the current level of accountability that has been instigated at both State and Federal levels be understood and considered to ensure such additional "red tape" and accountability does not arise as an outcome of the creation of a single entity to manage Not For Profits.

4. There may be specific niches within which there is a lack of accountability in the Not For Profit sector but this is not the world within which aged care services operate in Australia.

Yours sincerely



**Richard Hearn**  
Chief Executive Officer

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**Making a difference... Supporting older people and their carers**