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Celebrating 40 years of sector and community leadership, 1967 - 2007

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

### **Inquiry into the disclosure regimes for charities and not-for-profit sector organisations**

Dear Committee Secretary,

The Alcohol and other Drugs Council of Australia (ADCA) is responding to the upcoming Senate Inquiry into disclosure regimes for charities and not-for-profit organisations.

ADCA is the national peak body for the alcohol and other drugs (AOD) sector, and is one of 700,000 not-for-profit organisations (NGO's) operating in Australia.

The role of not-for-profit's organisations in creating, supporting and maintaining our communities cannot be underestimated. They provide the much needed strength and resilience to ensure that communities across Australia continue to receive the much need support services they require.

Not-for profit organisations are required to meet specific Government directives, which often means that many NGO's are forced to operate in a similar way to Government Authorities/Agencies and larger private organisations.

However, there is a growing assumption that not-for-profit organisations are flush with funds. While the sector may appear to have an increased total income, many NGO's are struggling to meet their day-to-day financial commitments and there is little scope to employ additional staff or update existing resources.

To address this issue, ADCA suggests there needs to be an improved standardisation of accounting and reporting feedback between the AOD sector and the relevant Government Departments.

This approach would ensure the business operations of the AOD sector remain transparent, and may assist in reducing respective workloads. This could be initiated by developing a set of minimum standards of public accountability, including publishing of income and expenditure statements in AOD sector annual reports. In addition, better planning around the provision of funding and decisions related to continuation of funding needs to be addressed, in particular impacts such as CPI on base line allocation and operational costs.

ADCA strives to maintain its core funding from the Department of Health and Ageing (DohHA) under the Community Sector Support Scheme (CSSS) by competing for AOD based grants and projects.

It should be noted that core funding received by ADCA in the past has been instrumental in maintaining our advocacy role on behalf of the AOD sector. However, there is no annual increase in core funding to take account of the continuing upwards movement in CPI, which in reality means ADCA is forced to deliver its services with less funds.

To supplement our core funding, ADCA must compete for funding grants in a fierce and competitive environment. Often other AOD not-for-profit organisations have very strong claims for support, and for ADCA to compete on an equal footing, our submissions are developed with limited resources and within short timeframes.

If successful in winning a grant, many NGO's then face issues surrounding recruitment. Often these projects are only for short-term periods, and provide little support or security for staff working within the AOD sector.

ADCA believes the pressure on NGO's to compete for grants and additional funding will only increase in the coming years as funding sources become more limited.

The CEO for the Mental Health Council of Australia, David Crosbie recently wrote an article in the Australian Newspaper (*Survival crisis hits not-for-profit sector, Saturday 7 June 2008, page 31*) which clearly highlighted the concerns of the AOD sector and some of the challenges it faces in relation to funding. He wrote:

“In practice, government funding often does not fully cover all the operating expenses, but most not-for-profit organisations will seek to cut corners in running the organisation rather than cut services that are desperately needed within their communities.”

Over the years, there have been a number of studies conducted and many recommendations put forward regarding the future operations of the not-for-profit sector. Perhaps this forthcoming Senate Inquiry will take some time to examine these studies and recommendations, and provide some long-term solutions that will benefit all Australian communities through the AOD sector. The recent work being coordinated by Skills Australia should not be overlooked and where significant future workforce and training priorities are being developed for the community services and health sectors.

In summary, there are many conundrums we all face in the NGO sector. These range from the size and variation of service delivery, inter sectoral relationships, retention and attracting quality staff, a shortage of a skilled and experienced workforce, realistic incentives for the work combined with the intricate nature of the actual work where we need people to be conversant and apply their capacity to many facets of multi skilled activities, namely financial/human resource management, policy development on top of their actual job.

Strategic workforce planning is most likely the critical future priority facing NGOs. For the AOD sector, this requires the integration and cross fertilisation across the other areas of community services and health while also ensuring we retain and attract highly specialised and dedicated employees for AOD.

ADCA does not see it necessary to provide any further information to the Committee by way of presentation to the Inquiry.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'D Templeman', with a stylized flourish at the end.

David Templeman  
Chief Executive Officer

**13 August 2008**