

29 August 2008

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

Email: economics.sen@aph.gov.au

Dear Sir/Madam,

Inquiry into the Disclosure regimes for charities and not-for-profit organisations

I have only today been made aware of the Senate Inquiry and will therefore confine my submission to a holistic viewpoint focusing on key issues I consider critical in the success of Charities and NFP's (C-NFP's). In order to meet today's submission deadline, I will present my argument and proposals in summary below and in no order of priority:

1. Regulatory frameworks
2. Use of appropriate levers eg/ technology
3. Compliance
4. Risk Management
5. Conflict of Interest
6. Transparency
7. Communication
8. Audit

1. Regulatory Frameworks

I find the C-NFP'S industry whilst providing trillions of dollars in turnover within Australia, over burdens participants and administrators within the C-NFP'S with unnecessary compliance with cumbersome laws such as the Corporation Act. C-NFP's require a narrower set of guidelines and simplified frameworks within which to operate their business with the lowest degree of administration responsibilities. The C-NFP'S world revolves around entrepreneurially minded individuals who typically overlook the administrative duties attached to passionately pursuing a vision and concept. A more appropriate tool for C-NFP's would be a set of integrated frameworks delivered through technology platforms)

2. Use of appropriate levers eg/ technology

Not all C-NFP's have access to technology however, the objective here is to create an environment which allows a future rife with technology-enabled solutions for businesses. One of the key criteria for regulation and administration of C-NFP's is to seamlessly integrate between user and regulator.

3. Compliance

The C-NFP world at present has negligible compliance with any set of guidelines aside from the sporadic reporting. The C-NFP's typically have an altruistic, community or social context within which it functions and normally rely heavily on government funding or internal fund-raising to generate

necessary cashflow. Some dependency also exists on the philanthropic generosity from the private sector. I would encourage private sector involvement as well as a committee-representation from within the C-NFP sector to permit a hybrid of self-regulation and a central independent body.

4. Risk Management

Similar to (3) above however, stronger reporting would adequately overcome deficiencies in an industry where insufficient proactive analysis occurs.

5. Conflict of Interest

The C-NFP industry has attracted an unfair weighting of criticism for CoI occurrences given public perception of an industry exposed to government regulation. The C-NFP industry has a significant proportion of entities where relatives or friends are the administrators and no arms-length concept exists as far as distribution of funds or privilege within the entity.

6. Transparency

Members have a common gripe where the C-NFP entity or more specifically the Management Committee, does not sufficient or even minimum visibility around its operations. Allocation of funds as well as non-financial reward are result in extensive complaints. A key role of a regulated industry to enforce through frameworks and accountabilities, greater transparency in entity operations.

7. Communication

Whilst a difficult function to regulate or prescribe, Communication is another key contributing factor to poor industry performance and perception. Perhaps one key aspect of moving toward a better performing industry would be to prescribe some standards in office bearers and a minimum initial suite of training courses and subsequent qualifications which are tied in to entity performance, age and size.

8. Audit

Self-explanatory.

I would like to take this opportunity to offer a sincere apology for the generalist nature and sub-standard condition of my submission. I did wish to go on record with my submission and also ensure future participation in the success of this Senate Inquiry and most importantly, the successful performance of this sector at a government level as well as entity level.

I have had but a few minutes to attempt putting on to paper my thoughts and have failed to capture the necessary detail which could further enrich my submission.

I welcome an opportunity to contribute more effectively once the Inquiry concludes.

Yours faithfully,

Mr Anwar Benjamin