



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

Dear Sir/Madam,

**Re: Inquiry into the Disclosure regimes for Charities and not-for-profit organisations**

The ING Foundation welcomes the opportunity to provide a submission for the inquiry into disclosure regimes for charities and not-for-profit organisations.

The ING Foundation manages the charitable programs for the four ING entities that operate in Australia: ING Direct (the online bank); ING Australia (wealth management, superannuation, and financial advice); ING Investment Management; and ING Real Estate. These Australian businesses are part of The ING Group - a global financial services company providing banking, investments, life insurance and retirement services for more than 75 million customers in Europe, the United States, Canada, Latin America, Asia and Australia. We draw on our experience and expertise, our commitment to excellent service and our global scale to meet the needs of a broad customer base, comprising individuals, families, small businesses, large corporations, institutions and governments. ING is one of the 10 largest financial institutions worldwide.

ING conducts business on the basis of clearly defined business principles. In all our activities, we carefully weigh the interests of our various stakeholders: customers, shareholders, employees, business partners and society at large. ING strives to be a good corporate citizen.

ING wants to pursue profit on the basis of sound business ethics and respect for its stakeholders. Corporate responsibility is therefore a fundamental part of ING's strategy: ethical, social and environmental factors play an integral role in our business decisions.

ING is actively involved in the community, supporting a range of Australian charities and sponsorships through the ING Foundation. The ING Foundation was established in 1978 to make a difference to the lives of disadvantaged Australians. Each ING business in Australia contributes annually both financially and in-kind to the ING Foundation.

We have long-term partnerships with four important charitable organisations, manage a program of financial grants to organisations supporting children in need, facilitate an employee volunteering and workplace giving program, and organise fundraising events and campaigns.

The ING's charity partners include global partner, UNICEF; The Spastic Centre; Barnardos; and Redkite. Many other smaller organisations are supported through the annual grant program.

The current disclosure regimes for charities and non-profits are complex and do not allow for measured benchmarking or comparison between charitable entities- particularly for the purposes of funding decisions. Furthermore, the differing legislation in each state further complicates an already complex sector making a national funding program even more difficult to administer.

Any review of charity disclosure regimes should be with the aim of simplifying the industry and providing funding bodies and donors with a common means by which to benchmark and make fair comparisons for funding decisions.

Please find comments regarding the inquiry attached. I hope that you find the comments useful and welcome any opportunity to discuss our response with you.

Regards

A handwritten signature in cursive script, appearing to read 'S. Carruth'.

Shannon Carruth  
Manager, ING Foundation



## ING Foundation Submission

### Terms of Reference

#### **Are current disclosure regimes for non profit organisations adequate?**

Current disclosure regimes for non profit organisations do not provide any real ability for funding bodies to benchmark or make comparisons between organisations.

Given the large number of categories of non profit organisations and differing state legislation, there is a confusion and uncertainty regarding disclosure requirements.

The lack of a standard reporting structure makes it difficult to make comparisons between grant applicants. There has been a reliance recently on using cost of fundraising figures to indicate an organisation's efficiency however when used independent from other reporting, these figures alone do not provide a full picture of an organisation's operating efficiencies and so do not provide adequate disclosure for the purposes of selecting gift recipients.

#### **What are the potential advantages and disadvantages of moving towards a single national disclosure regime and how might any disadvantages be minimised?**

Potential advantages:

- Could provide funding organisations with a means to benchmark and compare funding applicants- particularly on a national scale.
- Potential to reduce confusion in the non profit sector regarding disclosure requirements.

Potential Disadvantages:

- By trying to be all things to all people, a single national disclosure regime may end up being too complex (or too simple).
- In addition to its cost of fundraising and other financial reporting, there is a risk that a standardised regime may not capture information that illustrates the effectiveness of the operation (due to the diversity in the sector).
- There will be a need to ensure any new disclosure regime is simple and does not provide any additional layers of reporting.
- If a new national disclosure scheme is to be implemented, it must be as part of an overall consolidation and simplification of legislation relating to the non profit sector.

**Would a standardised disclosure regime assist non-profit organisations who undertake fundraising activities and who operate nationally, to reduce their compliance costs if it meant they would only have to report on fundraising to a single entity?**

Yes, it is accepted that a standardised disclosure regime has the potential to reduce compliance costs for non profit organisations operating nationally.

**If there was to be a nationally consistent disclosure regime, should it apply across all non-profit organisations or should different regimes apply to different parts of the sector? Should charities be treated differently than other non-profit entities?**

The key to reducing confusion and complexity in the sector is to keep the system simple, that is, a single standard disclosure regime for all.

**If different regimes were to apply to different parts of the sector, how would this be determined and why? For example would it be based on classifications- ie as a charity or deductible gift recipient- or would different regimes apply to different organisations based on their annual financial turnover or staffing levels (or some other proxy for size and/or capacity)?**

There is currently a large range of non-profit organisation categories however there is a low level of understanding among funding bodies and the general public regarding the differences in their status.

Given the complexities surrounding measurement of staffing levels and size in the non-profit industry and the current confusion relating to non-profit categories, a single standard regime for all categories would be preferable.

## **Questions for Consideration**

**Does there need to be regulatory reform of the non-profit sector?**

Yes. The current system is complex and confusing. There is a need for State legislation throughout the country to be unified and simplified. This has the potential of benefiting not only the non profit sector but also providing more reliable information to the general public and funding bodies.

**Should there be a single national regulator of the non-profit sector?**

This should only be the case if it assists in the simplification of charity regulation- not if it adds another layer of complexity into an already confusing structure. A national regulator will also only be useful if the numerous state laws are replaced with a unified legal structure.