

VILLA MARIA

Disability, Aged Care & Education

18th August 2008



Committee Secretary
Senate Economics Committee
Inquiry into the Disclosure Regimes for Charities and Not-for-profit Organisations
Department of the Senate
PO Box 6100
CANBERRA ACT 2600

Dear Secretary

The following is a submission to the Senate Committee Inquiry into the **Disclosure Regimes for Charities and Not-for-profit Organisations** on behalf of Villa Maria. We acknowledge the work of Professor Myles McGregor-Lowndes, Professor Mark Lyons and the Australian Bureau of Statistics ('ABS').

1. Introduction - Villa Maria

Recent ABS Statistics indicate that Australia's 40,976 registered not-for-profit (NFP) organisations received \$74.5 billion in income in 2006-07. However, this data relates only to registered not-for-profits defined as those organisations registered with an ABN on the Australian Business Register. As alluded to below, any Inquiry into the disclosure regimes for charities and not-for-profit organisations must review both registered and non registered not-for-profit organisations.

Villa Maria is a Catholic not-for-profit organisation providing core services in the disability, education and senior service sectors in Victoria, which according to the ABS study, accounted for over 40% of all registered NFP organisations listed under organisations undertaking religious, cultural and recreation activities.

In line with the findings of the ABS report for this sector, the primary sources of income for Villa Maria are derived from funding from federal, state and local government with minor income from services and donations, sponsorship and fundraising. As such, the Inquiry's current mandate and potential recommendations would directly impact on Villa Maria's future governance framework, financial accounting and disclosure practices. Consequently, we provide the following submissions for consideration.

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2. Submissions to the Inquiry

- Establish an appropriate reference group to consult with the not-for-profit sector to ensure 'buy-in'.
 - Suggest including representatives from various types and sizes across the sector:
 - peak and representative bodies;
 - stand alone organisations; and
 - users of services, and donors.
- Consider 'all' not-for-profit organisations in regulatory reform.
 - Registered and non registered, based on the essential characteristics of non-profit organisations – review substance and form.
- Evidence Based Practice is important to current Commonwealth Government policy direction and as such, appropriate funding for the Australian Bureau of Statistics (ABS) is recommended, given its central role in compiling and updating baseline data on registered and potentially future unregistered not-for-profits in this sector.
- Conduct national and international research into the role of a central independent regulator, included but not limited to a:
 - Review of its form, scope and purpose;
 - Review of resources required to manage and operate such a regulator;
 - Review its role in managing governance and alignment with existing governance frameworks; and
 - Review services it would provide and the mechanics of delivering such services.
- Ultimately, the regulatory response needs to be:
 - Consultative;
 - Clear – Contained in a 'one stop shop' Act of Parliament;
 - Accountable – Administered by a central regulator and appropriately resourced;
 - Tailored – Segmented to provide meaningful service – could be based on number of employees or dollars – refer to WorkSafe Victoria's segmentation profile;
 - Proportionate to size, complexity and nature of not-for-profit to minimise the burden of paperwork and perception of 'red tape',

- For larger, more complex organisations, financial reporting should align with existing International and national frameworks where appropriate, e.g. Australian Business Excellence Framework – as many top 100 BRW not-for-profits in relation to annual reports, provide a narrative account of how organisations are achieving their stated object; and
- Staged in implementation – to provide time for the sector to align.

3. Conclusion

The Inquiry is the first step in the Government's journey on improving governance, disclosure and transparency in the not-for-profit sector. We submit however, that the Inquiry needs to produce a strategic plan, direction or 'shared vision' against meaningful timelines, with appropriate consultation to ensure that tailored and high quality responses can be implemented. This plan or shared vision would provide the sector with clear direction re disclosure and governance, ultimately ensuring that we continue to create informed choices and build inclusive, sustainable and compassionate communities.

Should you require any further information or wish to discuss any matters in regard to this submission please don't hesitate to contact me on (03) 9855 7848, or Mr Shaheen Evans, Executive Manager Planning & Research on (03) 9855 7634.

Yours faithfully



Valerie J Lyons (Ms.) - FCPA FCIS GAICD
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