



Senate Standing Committee on Economics

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

27 August 2008

Submission from Skyline Education Foundation Australia

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Introduction

The Skyline Education Foundation (SEFA) is a not-for-profit, non-denominational, independent organisation with deductible gift recipient status (DGR). The organisation's key objective is to help socially and financially disadvantaged talented young people successfully complete Years 11 and 12 in their government schools and obtain a university placement.

The SEFA Bursary Program is open to students entering their Victorian Certificate of Education (VCE) and the bursary provides a range of benefits to enhance their personal and educational opportunities through provision of broad ranging financial and emotional support. The Program is a partnership

between the student, their school, their teachers and the Foundation. SEFA is currently supporting 25 students across 10 government schools in Victoria.

At present SEFA has no staff. As with most small not-for-profits, the governance and management work is done by a volunteer Board. SEFA contracts the program design and delivery to a specialist educational services organisation through a Service Agreement; it also accesses part time financial administration support through a contractor. All other funds raised by SEFA are spent in the development and delivery of the program.

SEFA's primary concern in this submission to put to the Senate Inquiry is that whilst we fully support the need for standardisation of national regulations and reporting, any changes must deliver a simpler, easier and more accessible regime. Changes which create additional red tape, bureaucracy or a complex reporting regime are prohibitive for small not-for-profits and will cause fatal damage to the sector, leading to the closure of many grass roots programs which deliver significant benefits to both individuals and communities.

The remainder of this submission follows the order of the Inquiry's Terms of Reference.

1. Relevance and appropriateness of current disclosure regimes

We support a single national disclosure regime with uniform, national accounting and reporting standards for charities and not-for-profit organisations.

However, this regime should take account of the scarcity of resources within the not-for-profit and charity sectors and should be built around sensible, efficient practices.

Standard reporting tools should be made available to relevant organisations free of charge via web and on-line access (in much the same way as the ATO has tried to simplify the personal tax return process and tools), supported with on-line training and education. A face-to-face training and education program should also be designed and delivered nationally via contracted agencies (for example TAFEs, COSSs and / or other relevant bodies) where required.

Compliance costs must be kept to a minimum and organisations which fundraise nationally should only have to report once to a single entity.

However, significant care should be given to avoid being too prescriptive about allocations or 'standards' of administrative or fundraising costs as a proportion of expenditure, within an organisations reporting. These are likely to vary, given the nature and diverse activities of different organisations.

2. Regulatory Reform

2.1 National Administrative Body

We support the establishment of a national administrative body for charities and related entities. It would be counter-productive to duplicate or conflict with existing not-for-profit regulators such as ASIC, so it would make sense to set up a separately resourced division of ASIC specifically charged with regulating, servicing and supporting the sector.

The new division should have an educative and advisory role as well as an enforcement role. It should be funded by government (with no additional cost to the sector) but should not become a cumbersome or overly large bureaucratic body.

As the new division would have an enforcement role, it cannot also have a mediation / dispute resolution role, so this responsibility should be passed to an existing body independent of ASIC.

Within the proposed regulatory review and reform, it will be critical to allow charities and not-for-profit organisations the flexibility of structure and operation to best meet the needs of the community/communities they serve and the objects of the organisation. There is a need to reduce the wide array of compliance and accountability requirements, to ensure organisations focus their resources on helping communities – instead of managing compliance requirements.

2.2 Definition of Charity

We support the review of the definition of 'charitable purpose' to include advocacy activities which support that charitable purpose.

Due to the current ATO guidelines, grantmakers cannot fund organisations or projects whose primary purpose is to advocate for a cause, or to change the law or government policy, or to promote a particular point of view (all of which are defined as non-charitable purposes by the ATO).

Funding advocacy is vital to the development and refinement of public policy, to providing underrepresented constituencies a voice in the political process and making government more accountable to community. There is thus a significant difference between political advocacy and advocacy which supports a charitable purpose. Undertaking non-partisan advocacy activity can often be a major means by which charitable organisations most effectively meet their charitable purposes on behalf of their clients.

The Industry Commission Inquiry into Charities in 1995 recommended significant modernisation, including updating the definition. As the need escalates for voluntary and community action to respond to the challenges which no government alone can solve, this is the time to update charitable legislation and the regulatory environment to make accountability simpler. The purposes (rather than activities) of public and community benefit should determine charitable status. For example, some fundraising activities have built into their program tangible community benefits for supporters, many of whom are on low or fixed incomes but are committed to the organisation's primary goals.

On behalf of the Board of the Skyline Education Foundation Australia thank you for your consideration of our submission. We would be very pleased to discuss our submission further with you or provide more information if required.

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Chairman
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