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

27th August 2008

Dear Secretary

**Re: Submission to the Senate's Standing Committee on Economics Inquiry -
Disclosure regimes for charities and not-for-profit organisations**

Thank you for the opportunity to make a submission to the inquiry.

As one of the world's leading environmental not-for-profit organisations, WWF fully supports the establishment of this inquiry and looks forward to some much needed changes in the regulatory framework governing not-for-profit organisations following the inquiry's report.

In WWF's view, any proposed changes should satisfy the following criteria:

1. Be national in scope and cover the whole not-for-profit sector **replacing** (not be in addition to) existing federal and state legislation covering the sector.
2. **Underpin stakeholder** (including government, donor and general public) **confidence in the sector** by prescribing consistent sets of disclosures for similar sized organisations, irrespective of the underlying legal structure of the not-for-profit entity.
3. **Be equitable across the sector** (i.e. concessions received by the sector or subsectors are in harmony, e.g. Income Tax, Fringe Benefits Tax, GST, Payroll Tax exemptions) and based on national criteria.



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Addressing the specific terms of reference of the Inquiry:

Regulation

(WWF has dealt with regulation first as this is considered a precursor to effective disclosure as without a consistent national framework, disclosure consistency is almost impossible due the variety of potential legal structures and their different governance processes).

WWF recommends the following initiatives:

- A. Regulation of charities and not-for-profit entities to be the responsibility of **one independent national body** (similar to the system operating in the UK and NZ).
- B. National **fundraising accreditation to be the responsibility of this body** and such accreditation to be monitored based on disclosure of specific processes and costs of fundraising on a uniform basis.
- C. **This body to be responsible for registration of charities** and not-for-profit entities and that this registration (there may be different categories based on size and complexity) imposes the regulatory (including taxation concessions) and reporting requirements relevant for that category.

WWF would not oppose some form of cost recovery (e.g. via registration/membership fees) from the sector to fund this body provided this was transparent.

Disclosure

WWF recommends the following initiatives:

- D. **One national disclosure framework** be developed and implemented.
- E. **This framework is to be specific** and as well as financial disclosures should include information on an organisation's mission, objectives, and how successful it has been in achieving its objectives, how the funds raised have been used in achieving these outcomes, in a prescribed format.
- F. **Level and complexity of disclosure to be linked** to the size of the organisation, the level of concession the organisation receives (e.g. Deductible Gift Recipient (DGR) status, tax exemption) as well as the amount of funding received from the general public.
- G. **Consistent definitions** to be developed and applied to all financial reporting in the sector (e.g. that there is **one definition for overseas aid organisations** rather than the current position where the ATO and AusAID and have different, potentially inconsistent, definitions).



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Other

WWF asks the inquiry to consider the following proposals:

- H. That this Inquiry **adopt all of the recommendations of the “Inquiry into the definition of charities and related organisations June 2001” except numbers 9 and 14** which relate to religious issues where WWF, being a non-religious organisation, offers no view, **numbers 16 and 23** which WWF believes are policy decisions and again offers no view. **WWF disagrees with recommendation 21** as it considers that the altruism framework note in recommendation 20 is adequate to achieve consistency across the sector (see point I below).
- I. **That taxation concessions be uniformly applied across the not-for-profit sector for altruistic entities** (i.e. that the distinction between Public Benevolent Institutions and other altruistic not-for-profits be eliminated).
- J. That all Australian Governments (Federal and State) agree to a **standard Chart of Accounts and reporting format** in respect of acquittal of government grants.

These recommendations have been approved by the CEO of WWF-Australia.

Yours sincerely

Paul Molloy
Chief Financial Officer
WWF-Australia