

To:  
Commonwealth of Australia  
Parliamentary Senate Standing Committee on Economics

**Submission  
Inquiry into the Disclosure Regimes for Charities and  
Not-for-Profit Organisations.**

**26<sup>th</sup> August, 2008.**

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From:  
CPA Third Age Network Committee ('the Committee') See Attachment 1

## Defining Limitations:

1. This submission is made by the Voluntary and Honorary Work Sub-Committee of the Third Age Network Committee of CPA Australia's Victorian Division. For information on our qualifications and reasons for lodging this submission, please refer to Attachment 1.

**Our submission does not purport to have the endorsement of, or represent the views of, CPA Australia.**

2. Reference herein to 'the Act' refers to the Associations Incorporation Act, 1981, together with regulations thereunder (as amended) - Victoria.

3. Reference to 'the Committee', 'we', 'our', or 'us' refers to the CPA Australia Third Age Network Committee or its Voluntary and Honorary Work Sub-Committee.

## Submission Summary:

- Central to our submission is an appeal to the Senate Committee to resist the introduction of governance and reporting regimes with application, **without distinction**, to **all** charities and NFPs. We suggest that a 'one size fits all' approach is against the public interest.
- We argue that little or no further formal prescription is necessary for the estimated 500,000 or more small NFP community clubs, societies and associations which form such an important component of Australia's social and community fabric. **We will refer to these herein as 'Micro NFPs'.**
- We note that the Act is complemented by similar (but not identical) legislation in each of the other States. We would support a decision by the Inquiry to seek uniformity throughout Australia in such legislation.
- We submit that the management committee of each association should adopt the financial statements of the association and attest to their truth and fairness and the association's solvency.

## Discussion:

### The nature of Micro NFPs and the existing regulatory framework:

There are said to be some 700,000 small community groups in Australia.

These comprise sporting, environmental, hobby, friends of ....., religious, lifestyle groups and the like. It has been suggested that close to 90% of Australians belong to at least one such organisation.

Of these, well over 500,000 are thought to be of very small size, both in financial measurement terms and lack of complexity.

A typical organisation, e.g., sewing circle, tennis club, book club, bridge club, friends of ... group, church group, etc., has assets and revenue measured in the hundreds or low thousands of dollars.

**We suggest defining a Micro NFP as one that satisfies all of the following conditions:**

- **Incorporated under the Act (or similar State legislation) and is a Non-prescribed Association.** (That is, one where gross annual revenue does not exceed \$200,000 and gross assets do not exceed \$500,000, as defined in the Victorian legislation. Alternatively, not incorporated, or not incorporated under that Act, but were it to be so incorporated, it would be a Non-prescribed Association.
- Constitutionally bound not to distribute assets or income to its members either whilst operating or upon dissolution. Upon dissolution, after satisfaction of the association's liabilities, any surplus is to be transferred to an association with similar purposes and restrictions.
- Governed by member elected representatives whose management activities are conducted on a voluntary and honorary basis.
- A 'community type' organisation which does not trade (except where incidental to its main purposes).
- Not one that is principally reliant upon funds donated by the public as a consequence of public appeals.

There is an enormous diversity among Micro NFPs. Despite that diversity of objectives, they tend to be 'kitchen table' management with strong skills and knowledge base in terms of their principal objectives, but unsophisticated in terms of administrative and compliance functions. Furthermore, they lack the people resources to cope with greater non-core complexities.

Murray has suggested that Associations "are lightly regulated with few reporting requirements".<sup>1</sup> We believe that, in relation to Micro NFPs they are quite adequately regulated.

The Act requires a formal Constitution with some 17 mandatory inclusions which are protective of members' interests. There is ample formal interaction required between the management committee and the members. There is a requirement for suitable financial statements and that that information be on the Public Record. There are also sundry sound governance standards scattered through the legislation. Quite stringent requirements are provided for in the case of Prescribed Associations.

In relation to Micro NFPs, we have noted evidence of increasing hardship in attracting community members to accept nominations for Secretary or Treasurer positions. With such a vast and widely spread number of Micro NFPs, it would be quite unreasonable to suggest that the Accounting or Legal profession could provide sufficient numbers of retired or active practitioners to act, on a voluntary and honorary basis, for these organisations. In some areas of rural Australia, it is most unlikely that these professionals will be available within a reasonable distance of the

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<sup>1</sup> Murray,A., *One Regulator One System One Law The Case for Introducing a Regulatory System for the Not for Profit Sector*, July, 2006, P. 48.

organisation. This underscores the principle that regulatory provisions need to be both adequate and simple.

We would suggest that if the shadow of bureaucratic regulation were to be cast across these Micro NFPs with an increase in complexity and cost so that we have prescription for prescription's sake and form over substance there would be a considerable, and widespread, public backlash.

### **Governance Criteria:**

We would strongly suggest that in these close knit community type Micro NFPs, a group ethic of common sense and decency (together with existing legal protections) provide all that is really necessary in terms of governance standards.

Could the Inquiry seriously suggest that a small group intent on the social contact brought about by ballroom dancing, book reading or embroidery sessions once a month in the local community hall should be spending its time over the tea table in setting codes of conduct, protocols, formal delegations for the Committee or formal fraud and corruption controls, organisational codes of conduct, whistleblower protection programs and corporate social responsibility programs?

We would suggest that with respect to Micro NFPs, no significant change to the present situation is necessary.

### **Segmentation:**

It is our instinctive view that some additional scrutiny and standardisation of reporting and governance standards for charities and large not-for-profits is a proper objective of this Inquiry. It may well be that there are compelling reasons to make sub-segments in that major group.

To suggest that the Public Interest would be well served by placing the same, or similar, reporting, regulatory and governance requirements on the Australian Red Cross with its massive size, global operations, professional management capability and huge reliance on public confidence as compared with the Trentham Embroidery Guild with its miniscule size, unsophisticated management and confined risk, is clearly ludicrous.

We strongly believe, however, that to impose those sophisticated reporting and governance regulations or standards on Micro NFPs will result in confusion, resistance, additional costs, compliance and enforcement difficulties and, in the end, only serve to strangle and stifle the very existence of these valuable entities.

### **Parties who have an interest in Micro NFP reporting and governance:**

- Members: In many small organisations, the majority of members are on the Management Committee and the meetings are generally open to members in any event. Annual General Meetings are mandatory under the Act and members tend to retain their status only whilst they participate in the main objectives of the group. They are entitled to annual Financial Statements and the other protective features of the Act, including access to the books and

records. If incorporated, they enjoy limited liability. We see no justification in imposing additional requirements for the benefit of members.

- Providers of Grants: Funding agreements almost invariably require specific reporting and evidence demonstrating proper use of the grant funds, often coupled with statutory declarations and photographic evidence. Any surplus funds are required to be returned. Granting bodies would not be inclined to rely upon additional disclosure or governance requirements.
- Sponsors: Enterprises providing funds by way of sponsorship will have made their own enquiries as to benefits arising from that sponsorship and may, additionally, have written agreements. They are clearly in a position of value to the Micro NFP and in a position to make any special enquiries they deem necessary. We can see no reason why they would benefit from additional requirements.
- Creditors: We would suggest insolvency of Micro NFPs to be extremely rare. They are risk averse by their very nature and personal management. Suppliers would generally be quite aware of the background of engagements and debts incurred are generally small and within the community. We believe that there exists strong cultural and organisational deterrents to insolvent trading and it is difficult to see any benefit from the enforcement of different and additional requirements.
- The General Public: Micro NFPs are member centric entities. Their activities may, however, be conducted in an arena which does affect the public and where some liability in duty of care or the like could arise. In our experience Micro NFPs are acutely aware of situations where public risk could be a factor. If Management fails to detect that situation then, almost certainly, the lessor of premises, a local government authority (cake stalls in public reserves, etc.) or a granting body will signal specific requirements. Additional regulatory and governance requirements may in fact disadvantage the general public in providing a growing impediment to the formation or continuation of micro NFPs whose activities, viewed as a whole, make an important contribution to public social cohesion, the environment, health and many other valuable community objectives.

### **Legislative Framework:**

We believe that it would be a desirable outcome of the Inquiry to press for uniform legislation – particularly Associations type laws with respect to Micro NFPs as we have sought to define them. This should not be a ‘highest common denominator’ type approach by the States so that the most onerous provisions are imported into a uniform result. We note, however, that the Act does not require the Management Committee of an Association itself to formally adopt the financial statements prior to being presented to members, nor comment on their truth and fairness or the NFP’s solvency. We regard that omission as one requiring correction. We would further suggest that Association type legislation should not, by width of drafting, provide a refuge for organisations whose size, risk and complexity, along with exposure to the public interest, should be incorporated or registered under legislation with more detailed and suitable application – e.g., Corporations Law. Clearly, suitable migration opportunities should exist, but

Associations type laws should be confined to the use of Micro NFPs or a similar community based segmentation. The monetary values defining a non prescribed organisation should be indexed to avoid obsolescence of the definition over time.

### **Representation:**

We are not aware of any advocacy source able to claim an authoritative mandate to represent the interests of Micro NFPs in general and in isolation. There are bodies that represent the interests of sectors – e.g., Landcare Australia, or that can make cases for the entire NFP sector – e.g., Our Community.

Clearly, the extraordinary diversity of purposes, huge number of entities, national geographic spread and very small size are inhibiting factors in stimulating interest in the creation of a 'Peak body'. We have noted that this situation has been to the disadvantage of Micro NFPs in areas such as Accounting and Auditing Standard setting and, as a result, members of Professional Accounting Bodies are presently bound to apply standards quite disproportionate in complexity, cost and scope to the real needs of these Micro NFPs.

### **Possible Outcomes:**

We believe that the principal focus of this Inquiry is upon major or significant charitable institutions. The terms of reference, however, provide for consideration of the entire NFP sector.

If, for the sake of reasoned argument, the Inquiry were to recommend the establishment of, say, a Charities Commission with 5,000 to 7,000 reporting entities; and the responsibility across defined sectors within those entities to receive measurable performance data on a uniform and comparable basis; and at the same time set suitable governance standards – that would be one outcome. The public benefit would be in making such information available as an aid to decision making and the quality control exercised over such charities.

If, by contrast, the Commission were to have 500,000 to 700,000 entities of a widely divergent nature nationwide, then the establishment of such a body would incur very significant public cost with serious challenges as to office space, locations, staffing, information design, enforcement and, above all, justification in the public interest.

We believe that this scenario reinforces the concept of eliminating Micro NFPs from involvement, but further suggests that, whilst current controls are considered adequate, law uniformity would be an improvement.

## **Conclusions and Recommendations:**

### **Conclusions:**

The existence of this huge sector of Not-for-Profits, that is, Micro NFPs, is clear. We have sought to demonstrate that there would be no adverse effect on the public interest in recommending that the reporting and governance standards as they presently generally apply to Micro NFPs be left unchanged.

We have suggested a defining description for a Micro NFP, but recognise the inevitability that there will be representations that organisations outside that definition should qualify. We believe that there should be a legal mechanism to make and to judge the merit of such applications. We also believe that the monetary size determinants should be indexed so as to avoid obsolescence of definition with the passage of time.

Clarity and simplicity are clear requirements for Micro NFPs and we therefore suggest it proper to recommend that Uniform State Legislation be sympathetically drafted designed for the needs of Micro NFPs.

#### **Recommendations:**

- 1. That the Inquiry excludes from the burden of additional regulatory or governance requirements those community type organisations broadly defined as Micro NFPs herein.**
- 2. That the Inquiry encourages the creation and adoption of Uniform Legislation throughout the States and Territories insofar as that legislation sets regulatory and governance standards for Micro NFPs.**
- 3. That the management committee of each association should adopt the financial statements of the association and attest to their truth and fairness and the association's solvency.**
- 4. That the Inquiry notes the existence of other issues affecting Micro NFPs which are described in the commentary in Attachment 2.**

#### **Attachments:**

- 1. Information as to authorship and qualifications to make recommendations**
- 2. Comment on some aspects of taxation matters for NFPs**
- 3. Responses related to questions posed in the Discussion Paper**
- 4. Comments of some recommendations of the Inquiry into the Definition of Charities and Related Organisations**

#### **Contacts:**

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### **Who we are**

This submission is provided by a group of experienced CPAs in Victoria who are Committee members of CPA Australia's Third Age Network and comprise the Network's Voluntary & Honorary Work Sub-Committee.

It should be noted that this submission does not purport to have endorsement, or to represent the views, of CPA Australia: rather it comes from a group of senior retired and peri-retired members of that organisation who claim particular expertise and/or perspectives relevant to the subject matter of this Enquiry.

CPA Australia is one of the largest professional organisations in the world with around 130,000 members widely represented globally. The Victorian Division established its Third Age Network (TAN) about four years ago to provide incentives for longstanding professional accountants to retain their association with the organisation when they retired and to maintain and promote their continued contribution to the profession and the public good. TAN then formed a number of Taskforces dealing with areas of interest for its members and this submission comes from the 'Voluntary and Honorary Work' Taskforce (V&HT). The V&HT comprises a number of professionals each of whom has a lifetime of experience in finance, accounting and business and a particular interest and expertise in working with Not-for-Profits.

A large proportion of older accountants (Third and Fourth Agers) regularly donate significant amounts of time and expertise by volunteering to assist community organisations of various sorts on a honorary basis. (One of our recent surveys put this figure at 76%, but other surveys have found the figure to be up in the high 90s%.) The work undertaken ranges from physical contribution to the advancement of the associations, to sitting on Boards and Committees of Management, providing consultancy advice, maintaining books of account and financial records, preparation and analysis of reports and auditing. Some of our members work close to full-time (or more) on behalf of a number of different organisations, the vast majority of which are small and unsophisticated and often lack the knowledge or skills to identify and administer even existing regulatory and compliance issues effectively without our input.

We recognise that many of the dedicated people who establish and operate these organisations do so because they have a passion to meet the needs they perceive in the community. If they did not volunteer their time and devotion to the cause, it would be left to government to fill the gap or leave the needs unfulfilled. In many cases, the organisations exist for the very reason that government has found itself unable to fill the needs without the assistance of small informal community groups and have delegated, in many cases contracted, service delivery to such groups. During the past few years, the V&HT has been working on projects aimed at assisting and supporting these organisation – and, of course, our members in their endeavours to help those organisations.



### **Some Comments on Aspects of Taxation for Not-for-Profits**

#### **Tax rebates for volunteers expenses**

We note that many volunteers contribute more than their time to the Not-for-Profits with which they work. Their related expenses are sometimes considerable, but without an income related to their volunteerism, there is no way they can defray some of these expenses by way of a tax deduction.

In the interests of promoting volunteerism, it is proposed that consideration should be given to mechanisms by which incentives can be offered to contribute to community welfare in the absence of any direct payment. In this context, it is suggested that provision of a tax rebate for volunteers' expenses (at least volunteers for approved NFPs) should be considered.

#### **Criteria for Income Tax Exemption**

The existing criteria for tax exemption is very narrow and seem more applicable to large organisations than smaller ones. It is proposed that a very much wider (more liberal) set of criteria should be applied. Moreover, in the event that tax rebates or other incentives are applied to promote volunteerism, the same criteria should be applied for eligibility for those incentives.

#### **Taxable threshold**

Many Micro NFPs may technically be taxable, even if they do not actually lodge returns or pay tax. Part of the reason for this is the extraordinarily low threshold of \$416 per annum that was set something like 20 years ago. A more realistic threshold might be in the order of \$5,000 or \$10,000 and indexed annually. It is proposed that the Inquiry should make some comment on this issue as well.

### Responses to Specific Questions Posed in the Discussion Paper

#### **Discussion Paper Questions**

The Discussion Paper poses a number of questions not all of which are of great relevance to our arguments. Insofar as they are, however, the following comments are provided in response to the issues raised.

#### **Disclosure Regimes**

i In some cases, the regime is probably adequate, but for some others, the bar could probably be raised. On the other hand, for the vast majority of smaller organisations, the existing regime is already grossly excessive. This is particularly apparent in situations where otherwise-identical incorporated and unincorporated entities have different reporting requirements when none at all may be justified (as already applies to the unincorporated bodies).

ii For the very small organisations on whose behalf our submission is directed, there would be NO advantages in increased obligations (the obvious outcome that would arise for small organisations even if no increased obligations were imposed on larger organisations), but the disadvantages could be catastrophic. Any greater obligations would lead some to 'fold their tents' and walk away from the sector. This would obviously leave significant gaps in services or obligations on government to fill the needs in a far less efficacious manner.

To put some context on this, consider an example of a rural historical group of 10 members with gross assets of \$26 (including the \$6 petty-cash box) and income of \$1 a month per member to cover the cost of the tea and biscuits at their committee meetings in the secretary's home. They probably had to incorporate to obtain access to local Mechanics Institute and a \$200 Council grant to run a display of historical photographs in conjunction with the annual Agricultural Show and Rodeo. If they were required to issue notices of meeting, maintain minute books, present formal financial statements at each meeting and lodge complex audited reports that complied with accounting and auditing standards each year, they would conclude that it was all too hard and simply cease to exist. This may not lead government to feel an obligation to intervene, but if the organisation was just a little larger, providing Meals on Wheels or support for mothers suffering post-natal depression, it might well be forced to intervene.

iii We would not expect organisations in our area of interest to be raising funds from the public and this is not an area on which we wish to comment.

iv Absolutely not. It is essential to segment Not-for-Profits into clearly defined categories and apply reporting regimes suitable to the segment involved. (As to the definition of a charity, some of our comments in the section below dealing with the definition of charities and related organisations are relevant. We argue that charities are organisations that solicit donations direct from the public and that to be viable,

they would need to have a turnover that placed them well above the threshold proposed for small organisations. (Irrespective of this, we would exclude even small organisations that raised the bulk of their funding in this way.)

v We have proposed that charities (organisations that raise funds by donations from the public), organisations that have reporting regimes imposed by virtue of their activities (e.g., liquor licencees), organisations that have turnovers greater than the agreed threshold (suggested \$250,000 pa) and perhaps others could have reporting obligations prescribed by regulation. On the other hand, we propose that small organisations with little or no public exposure or other obvious need to report publically should be exempt from any (or any but the most basic) reporting requirements.

For convenience, we have proposed the monetary threshold based on the annual turnover for prescribed organisations under the Victorian Associations Incorporation Act, but there is a strong case to index the agreed figure to avoid more of the organisations involved falling into higher reporting regimes as time passes.

### **Regulatory reform**

i Yes. It is important to reform regulations across Australia to reduce or remove the level of regulation for 'micro-organisations' below an agreed threshold. We offer no particular comment on other segments/organisations, but assert that a key issue is to define each segment simply, clearly and adequately and apply a regime appropriate to the risk involved. In the case of micro-organisations, we argue that the risk is so low as to justify their exemption from most regulation.

We believe that governance and excellence in management are independent, and perhaps antithetical, to regulation. Governance is flavour of the month at present, but few small organisations know what it means or are equipped to exercise it with creativity and effectiveness. They would need a lot of assistance in applying a suitable structure or model, but many governance structures inhibit creative examination of risks and remedies. They are formulaic (and would need to be for most small organisations) but ticking boxes defeats the purpose of any useful governance arrangements. This makes people complacent and is counterproductive to many of the intuitive things diligent volunteers or committees of management might otherwise do to protect their organisations. Moreover, the strength of many small organisations is their agility, their ability to find the shortest way through to a solution, their innovation and unorthodoxy and even quite light-handed regulation frequently stifles the vigour and enthusiasm of conscientious and devoted (and honest) volunteers.

ii On balance, we probably agree that this would be appropriate. It should cover whole sector across Australia to avoid conflicts in definition or inequitable burdens in some jurisdictions. Almost certainly, it should be a government agency with a national purview (probably in a Commonwealth Department somewhere), rather than an independent authority. Its charter should be expansive rather than restrictive, offering education, support, advice and assistance, as well as exercising its enforcement role.

We envisage difficulties with such an authority being the sole agency determining the charitable, or other, status of organisations – and hence their eligibility for a wide range of publically-funded benefits and concessions. This would likely lead to conflict with the budgetary and taxation processes of all governments and despite the desirability of uniform definitions, conflict of this nature should be avoided if possible. We would propose that any such authority could be jointly funded by all governments, but if a suitable formula cannot be reached, the Commonwealth should accept the responsibility.

iii We probably agree with this (subject to clear sector segmentation), but have no particular models or perspectives to offer, other than that it should be national in scope and very ‘small-organisation friendly’.

### **Enquiry into the Definition of Charities and Related Organisations**

Reference to the status of the 27 recommendations from the enquiry into the definition of charities and related organisations and inclusion of those recommendations in full in the Discussion Paper suggests that the current Enquiry is inviting public comment on those issues as well. Although we do not have access to all the relevant background to the 2000 enquiry, it is assumed that the need to define ‘**charities**’ arose from a desire to provide consistent and justified rights and privileges to organisations falling within the agreed definition – and exclude those that did not. It is further assumed that the importance of the term ‘**public benefit test**’ was to assist that definition: if an organisation met the public benefit test, it was a charity, if it did not, it was not. The following comments are offered in the context that these assumptions are valid.

Note: There is a *prima facie* assumption that Recommendations 1 to 7, 11 to 13, 15 to 19 and 21 relate **exclusively** to charities. If that assumption is correct, we do not have a lot to say about them because it might be assumed that all organisations meeting the definition of a charity would have turnover above the threshold proposed in the discussion above. (If the turnover of a charity was below that threshold, one would be justified in questioning the viability of the organisation. A not-for-profit organisation established with the primary objective of raising funds from public donations with a gross annual turnover of a mere few hundred thousand dollars is hardly sustainable, let alone worthy of government support.)

## Attachment 4

### Brief comments on the 27 recommendations from the enquiry into the definition of charities and related organisations in 2000.

- Recommendation 1** Probably support, but largely unrelated to our thesis.
- Recommendation 2** Probably support, but largely unrelated to our thesis.
- Recommendation 3** Probably support, but largely unrelated to our thesis.
- Recommendation 4** Probably support, but largely unrelated to our thesis. (It is noted, however, that what constitutes public policy is very flexible and may change quickly, often in quite capricious and contradictory ways. It is therefore a poor term to include in any definition of an organisation intended to exist for a number of years.)
- Recommendation 5** As for Recommendation 4.
- Recommendation 6** Probably support, but largely unrelated to our thesis.
- Recommendation 7** Probably support, but largely unrelated to our thesis.
- Recommendation 8** Support, but this should not be taken to imply that organisations that have (or encourage) a restricted membership do not meet the public benefit test. Many examples abound where organisations with overt discriminatory membership should rightly qualify for all the advantages or benefits available to those with non-discriminatory membership, e.g., Seniors groups, Gay and Lesbian clubs, Mothers groups, Victims of Crime, Alcoholics Anonymous and its sister organisations and so on.
- Recommendation 9** No comment.
- Recommendation 10** Support.
- Recommendation 11** Probably support, but largely unrelated to our thesis.
- Recommendation 12** Probably support, but largely unrelated to our thesis.
- Recommendation 13** Probably support if it is non-exclusive and relates exclusively to 'charities', but largely unrelated to our thesis. This should not be taken to exclude other organisations with legitimate charitable objectives, nor non-charitable groups with objectives falling within the definition set out in this

recommendation. This probably emphasises the point made earlier that 'Charities' should be defined as (at least to include) organisations that raise money *by way of public donations* to apply to the beneficiaries or cause for which the charity exists.

**Recommendation 14** No comment.

**Recommendation 15** Probably would NOT support this, but largely unrelated to our thesis. (As indicated earlier, this depends on the use to which the 'charitable purpose' and 'public benefit' phrases are put. The definition proposed here would appear to exclude organisations supporting international competition, e.g., the Olympics, and although there may well be secondary objectives for such organisations, e.g., promoting improved international understanding and cooperation, that is not the primary objective. Similarly, there are organisations that promote sporting competition for its historic, cultural or heritage value, e.g., Trugo or Bocce, that would be excluded from this definition. It is very easy to confuse cause and effect, objective and outcome, primary and subsidiary purpose and it would be wrong to exclude, or include, organisations under this definition on the grounds of an arbitrary or legalistic interpretation.)

**Recommendation 16** Probably support, but largely unrelated to our thesis.

**Recommendation 17** Probably support, but largely unrelated to our thesis.

**Recommendation 18** Probably support, but largely unrelated to our thesis.

**Recommendation 19** Support, but largely unrelated to our thesis.

**Recommendation 20** Support strongly. This is central to our thesis. It is essential to segment the Not-for-Profit sector and clearly define in mutually exclusive terms. As indicated in our main submissions, we contend that it is critical to distinguish various categories of Not-for-Profits and to ascribe different characteristics and requirements on them. It is doubtful if terms such as '*altruism*' are useful in this context, or indeed, whether pure altruism even exists. It is nonetheless essential to define an appropriate range of classes of organisation in order to apply suitable reporting (and other) frameworks to them.

**Recommendation 21** Probably support, but largely unrelated to our thesis. As indicated earlier, however, this does not preclude other (non-charity) organisations sharing identical purposes.

- Recommendation 22** It is unhelpful to define organisations by describing what they are not. There is also a problem in use of terms such as '*altruistic*' where altruism is (and must always be) only one of the criteria by which individuals decide to support any particular cause. There may well be many organisations established to pursue religious, scientific or public educational objectives, that are clearly for the public benefit, and that need inclusion, respectively, in one or more of the Not-for-Profit segments identified during this Enquiry. An example might be the University of the Third Age.
- Recommendation 23** It is hard to appreciate the purpose behind such a complex definition, but particularly in view of our comments on 'altruism', such a category is very difficult to define, justify or sustain.
- Recommendation 24** Support strongly.
- Recommendation 25** Not supported. We favour a government/inter-government body as referenced in Recommendation #26.
- Recommendation 26** Support in general terms, but we have no strong comment on the detail. It should be a government (national) body that has the support of all governments and the confidence of the public – and is suitably skilled and resourced to carry out its charter.
- Recommendation 27** Support. There is little value in codifying classes of organisation and the benefits and obligations that attach to each unless the people affected (and the public generally) are aware of and accept the new regime.