

29 August 2008

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

Submitted by email: economics.sen@aph.gov.au

Dear Sir / Madam

Artful Fundraising welcomes the opportunity to provide comment to the Senate Standing Committee on Economics.

We are a private company which provides consulting and training for fundraisers in the nonprofit sector in Australia, New Zealand and the UK.

The writer is the managing consultant and has had twenty years experience as a volunteer, a fundraiser and a manager in the nonprofit arts sector and higher education in the UK, Australia and New Zealand. John is a member of both the Fundraising Institute of Australia and the Institute of Fundraising in the UK

The disclosure regime in the UK has been vital to the public's confidence in the charity sector and enabled the sustained growth in philanthropic income enjoyed by the non profit sector in that country. It is characterised by the amount of self regulation of the sector, a light touch by the statutory regulator and notably and in the writer's view most importantly a single national accounting standard for charities.

The SORP accounting standard enables the public and regulators to obtain an informed view from charity accounts of the effectiveness of the sector

We support of Fundraising Institute Australia's submission, recommending a commission of inquiry be established to further develop the initiatives explored in this Senate Inquiry, in particular 'model' fundraising legislation, the shape of a national regulator and the elements of a compact to underpin the values and funding of this sector.

FIA is also proactive in working towards self regulation by creating mandatory Principles and Standards of Fundraising Practice similar to those that have been highly successful in the UK. These Principles codify general ethical behaviour for fundraisers; the Standards are tailored to provide guidelines on specific disciplines of professional fundraising. The project was initiated in response to FIA's perception of an urgent need to establish standards for professional fundraising in order to improve public trust and confidence in accountability for and transparency in the use of publicly donated funds.

Please find attached a summary of FIA's recommendations to the Senate Inquiry into disclosure regimes for charities and nonprofit organisations.

Yours faithfully



John Godfrey MFIA, MICFM
Managing Consultant

SUMMARY OF FIA RECOMMENDATIONS

- a) the relevance and appropriateness of current disclosure regimes for charities and all other not-for-profit organisations

A new single regulator for the entire nonprofit sector should:

- regulate proportional to risk and not in accordance with exemptions
- reduce multiple reporting requirements reducing the regulatory burden
- develop an appropriate accounting standards and reporting mechanisms that measures effectiveness (outcomes) not efficiency (ratios).

- b) models of regulation and legal forms that would improve governance and management of charities and not-for-profit organisations and cater for emerging social enterprises

A new single regulator should:

- be based on principles similar to the Charity Commission (England and Wales)
- enable the work of the sector (light touch regulation proportional to risk)
- close the gap between statutory and non-statutory regulation (national industry self-regulation)

- c) Other measures that can be taken by government and the not-for-profit sector to assist the sector to improve governance, standards, accountability and transparency in its use of public and government funds.

A new single regulator should:

- cut red tape
- allow for diversity (light touch regulation proportional to risk)
- support development of a national toolkit
- focus on effectiveness (outputs, public benefit) not efficiency (financial ratios)
- adopt a standardised disclosure regime
- encourage benchmarking
- assist nonprofit organisations in annual reporting
- provide meaningful information for the public
- promote the public interest in charity and nonprofit activities

- d) The Senate Inquiry has sought further comment on the recommendations from the inquiry into the definition of charities and related organisations (2001).

- decide the name of the sector!
- promote responsibility for this sector to ministerial level

- e) The Senate Inquiry opens discussion on a number of initiatives that must be further explored.

Establish a Commission of Inquiry to:

- develop 'model' fundraising legislation
- determine the 'shape' of a national regulator
- determine a national accounting standard and reporting mechanism
- review the elements of a compact to underpin partnerships with the sector.