

28 May 2009



Not for Profit Sector
Productivity Commission
GPO Box 1428
Canberra City ACT 2601

Submitted by email : nfp@pc.gov.au

Fundraising Institute Australia (FIA) is the peak body for professional fundraising. Our members are both individual – some 1,600 individual members working in around one thousand charities and nonprofit organisations – and organisational – more than 60 organisational members with a combined turnover in excess of \$1.1billion and thousands of employees and volunteers.

Our Vision

Advancing professional fundraising

Our Purpose

We exist to make the world a better place by advancing professional fundraising through:

- *advocacy of standards*
- *professional development pathways*
- *measurable credentials*

so that our members achieve best practice

Our Values

FIA will uphold the value and reputation of professional fundraising through its staff and members to the public, government and business.

FIA membership is contingent upon mandatory compliance with FIA's Principles and Standards of Fundraising Practice (FIA's codes). Review of FIA's codes is a major project completed at the end of 2008. 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. The project has been largely funded by FIA with support from philanthropic trusts and individuals.

FIA and its members welcome the opportunity to provide comment on the contribution of the sector to the Productivity Commission. In 2003, 86% of adult Australians put their confidence in the nonprofit sector. Their confidence deserves government attention. Indeed, the nonprofit sector itself has been calling for reform. We welcome the Productivity Commission's interest and prioritisation of our work and urge you to act on the body of evidence put to this inquiry and not to allow it, like previous inquiries, to be ignored.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Chris McMillan', written in a cursive style.

Chris McMillan MFIA
Chief Executive Officer

Productivity Commission – Contribution of the Not for Profit Sector Submission Fundraising Institute Australia

Comments are invited on the Commission’s proposed approach of adopting a broad view of the sector for the purposes of assessing its contribution and narrowing the study’s focus to consider the specific policy and capacity issues raised in the terms of reference

FIA supports the Productivity Commission in adopting a broad view of the sector for the purposes of assessing its contribution. However, FIA believes that it is insufficient to place too great an emphasis on policy and capacity issues faced by government funded organisations, as this could potentially exclude the large number of organisations operating in Australia that depend on funding from private grant making bodies and public fundraising. In particular, overseas aid and development agencies (it is estimated that in 2007, 81% of funds raised by such organisations was public donations)¹ could potentially be excluded from the study. Considering this, it is vital that the study take in nonprofit organisations that depend on other independent sources of funding.

Comments are invited on whether the findings and recommendations of previous inquiries remain relevant to the operations of the not for profit sector. Of those that continue to be relevant, and have not been acted on by government, which are the most important for improving the efficiency and effectiveness of the sector?

A number of inquiries and reviews of the nonprofit sector and its governance have been conducted in recent years, however there is little evidence that these forums have yielded significant change. Queensland University of Technology reports that, “Various Australian inquiries and reports have produced 12,920 pages of public submissions, 56 days of hearings, 45 site visits, 1,344 pages of official reports, and have resulted in a mere seven pages of legislation about the definition of charity.”²

Of particular relevance to improving the efficiency and effectiveness of the sector is the Senate Economics Committee’s inquiry into disclosure regimes for charities and nonprofit organisations, conducted in 2008. The Senate Inquiry raised the need for regulatory reform of the sector. Organisations exhaust valuable resources complying with the onerous and conflicting legislation governing nonprofits in each state and territory in Australia.

The key issues raised by the Senate Inquiry are:

- multiple reporting requirements and disclosure regimes (commonwealth, state, territory, local)³
- significant regulatory burden⁴
- exemptions which mean that nonprofit organisations are differently regulated⁵
- lack of recognition for diversity across the sector (regulation is not proportional to risk)

¹ Australian Council for International Development data

² Myles McGregor-Lowndes, Queensland University of Technology

³ National Roundtable of Nonprofit Organisations (2007) *The Assessment of Charitable Status in Australia: Current Practice and Recommendations for Improvement*.

⁴ Fundraising Institute Australia submission to the Treasurer of Victoria (2006) *Reducing Regulatory Burden, The Victorian Government’s Plan to Cut Red Tape*.

⁵ For example FIA estimates that only 20% of fundraising in Victoria is regulated under the Fundraising Appeals Act 1998 because of the exemptions to the legislation. This creates a false sense of the role of the regulator and pushes the regulatory burden unfairly onto smaller NFPs, often serving challenging causes and public needs. See FIA’s submission to Consumer Affairs Victoria’s review of the Fundraising Appeals Act 1998 pg 23

- current disclosure regimes attempt to measure efficiency (despite the lack of a national accounting standard) rather than effectiveness of charitable and nonprofit activities⁶

Reform in these areas is essential to improving the efficiency and effectiveness of the sector, and the committee made a number of recommendations, those most pertinent to the Productivity Commission's inquiry being:

- a single independent national regulator for nonprofit, which would regulate and measure the work of the sector, as well as provide best practice standards and education
- a Register of nonprofit organisations that could be provided to the ABS, who should prepare and publish a comprehensive study to offer a clearer picture of the size and composition of the sector
- a specialist legal structure be drawn up for the sector, under which there would be a tiered reporting system (tiers being assigned based on annual revenue of organisations)
- a standard chart of accounts for use by all departments and not for profit organisations⁷
- a new disclosure regime would include financial, narrative and numerical data, and that the financial reporting should be transparent and facilitate comparison across charities⁸

FIA made a submission to The Australian Taxation Office's recent inquiry into Australia's future tax system. In this submission, FIA recommended the following actions to be taken in order to enhance the valuable contribution made by charities to the Australian economy and public benefit:

1. Facilitate financial accounting and reporting for charities by developing an appropriate accounting and reporting standard;
2. Remove barriers to compliance by streamlining compliance and removing interdepartmental reporting contradictions;
3. Assist charities with the cost of compliance by waiving licence and statutory fees;
4. Assist charities by ensuring that the taxation system recognises that they produce surplus for the public benefit, rather than profit for members; specifically by:
 - Maintaining income tax exempt status;
 - Improve tax deductible status for all DGRs;
 - Allow FBT deductions to apply to all DGRs.
5. Provide direct financial support to charities, while maintaining existing concessions, to enable the NFP sector to grow⁹.

⁶ Fundraising Institute Australia, *Research on Key Issues in Fundraising*, September 2004.

⁷ There has been useful work done in this area, in particular Queensland University of Technology's *Standard Chart of Accounts* and The Institute of Chartered Accountants in Australia (ICAA)'s *Enhancing Not-for-Profit Annual and Financial Reporting*. (March 2009).

⁸ The Senate Standing Committee on Economics, *Disclosure regimes for charities and not-for-profit organisations*, December 2008. Pp 1-4

⁹ FIA's submission - Australian Taxation Office, Australia's Future Tax System review. May 2009

FIA believes that undertaking these measures is vital to meaningfully measuring the contribution of the nonprofit sector.

What makes not for profit organisations different?

Primarily, the difference between nonprofit organisations and for profit business lies in their purpose. Nonprofit organisations are mission rather than profit driven, and channel any profit earned into impacts for their community, beneficiaries or members. Considering this, measurement of the contribution of the nonprofit sector must take into account the outcomes and impacts of the work undertaken by the sector, not simply the financial bottom line.

In order to fulfil their missions and deliver on impacts, nonprofit organisations depend on revenue from grant making bodies, public fundraising and, where applicable, membership bases. Reporting transparently on outcomes and impacts is essential to safeguarding the trust of these stakeholders. Developing a system to effectively measure the contribution of organisations and the sector as a whole would facilitate and strengthen the relationship between organisations and their support bases.

Comments are invited on how well previous Australian studies have captured the contributions of the sector, particularly whether there are significant gaps in coverage or methodological measurement issues.

FIA does not believe that previous studies on the nonprofit sector in Australia, such as those undertaken by the Australian Bureau of Statistics and the Giving Australia report, can provide truly meaningful data. Without established and standardised tools for measuring the contribution of the sector, it is difficult to compare the outputs and contributions of individual organisations, and thus of the sector as a whole.

Comments are invited on these, or any other, international studies of the contribution of the not for profit sector and their relevance to measuring the contribution of the sector in Australia. The Commission would also welcome information on studies undertaken by not for profit organisations to assess their own contributions.

The ImpACT Coalition (UK) works to measure the outputs and impacts of nonprofit organisations in the UK¹⁰.

The Coalition is supported and resourced by the Institute of Fundraising in UK and brings together over 130 charities and trade bodies to work together to improve transparency and accountability and preserve public trust in the charitable sector. Members of the coalition use the ImpACT toolkit to measure their transparency and accountability and make plans for improvement. ImpACT regularly comments on transparency and accountability issues in the trade and national press.

FIA supports the work of the ImpACT Coalition in measuring transparency and accountability in nonprofits. While aspects of the Coalition's work could be adopted for the benefit of the sector in Australia, FIA recommends that the Commission look to the development of standardised reporting arrangements and national governance in order to begin to truly capture the contribution of the nonprofit sector.

¹⁰ Further information can be found at ImpACT Coalition's website, <http://www.impactcoalition.org.uk/uploads/ImpACTkeymessages.pdf>

Comments are invited on this, or other means of categorising the roles and modalities of contribution of the sector.

FIA supports the Productivity Commission's proposed means of categorising the roles of the nonprofit sector. Focusing on *Service delivery, advocacy, connecting the community and enhancing the community endowment* adequately captures the roles of the sector.

Do you agree that a conceptual framework is important? Do you have any suggestions on the key elements of the framework? Are there any specific issues in measuring the contribution of the Australian based international development and aid organisations? Participants are invited to comment on appropriate methodologies for evaluating the contribution of the not for profit sector. The Commission is particularly interested in receiving feedback on the appropriateness of using a range of indicators for this purpose.

FIA is concerned with the work of its members within Australia. To avoid duplication of effort, it chooses to endorse the work of ACFID. In particular, ACFID has designed a tool to assess organisational effectiveness¹¹.

This tool is not based on economics, but on assessing the values, leadership and governance of an organisation by comparing the organisation's stated values, leadership and governance with what the organisation actually does with regard to these criteria. Ideally, there should be a close correlation between the organisation's stated values and the way in which it carries out its mission. This is important because a nonprofit organisation is distinguishable from a for profit enterprise, not only on the issue of profit, but on how well it performs its stated mission. ACFID defines "effectiveness" as "promoting sustainable change that addresses the causes as well as the symptoms of poverty"¹². Purely economic criteria are simply inappropriate as a measure of effectiveness for nonprofits. Other measures which must be taken into account are: high quality relationships, long term engagement, learning, adaptation, working together, risk taking, quality of staff and volunteers.

FIA supports the development of benchmarks which combine economic performance criteria with measurement of "soft" values such as those identified by ACFID.

Comments are invited on the extent to which existing measures of the sector's contribution have been utilised to inform policy and development and monitor policy effectiveness, in Australia and other countries. What modifications could be made to existing measures?

There is little evidence to suggest that existing measures of the sector's contribution have been used to inform, develop and monitor policy.

Nonprofits are obliged to comply with various reporting requirements under each state or territory governments, including the lodgement of financial reports and reporting on operational activities¹³. While this data may be used within departments to gauge nonprofit activity in each region, the lack of standardisation means that data collected across different departments cannot be usefully compared by government or the sector.

¹¹ Available at ACFID's website, http://www.acfid.asn.au/what-we-do/docs_what-we-do/docs_ngo-development-effectiveness/organisational_assessment_tool.doc

¹² ACFID, *NGO Effectiveness Framework* (http://www.acfid.asn.au/what-we-do/docs_what-we-do/docs_ngo-development-effectiveness/ngo-effectiveness-framework_jun04.pdf). Accessed 29 May 2009

¹³ For example, under the Fundraising Appeals Act, organisations in Victoria are required to register each fundraising activity with the Department of Consumer Affairs, unless granted an exemption.

The Senate Economics Committee's inquiry into disclosure regimes for nonprofits (2008) recognised that reforming disclosure regimes for nonprofits is vital to enabling the work of the sector. The committee reported that "the financial information of an organisation should be available to the public in a standard form to promote comparability across other Not-For-Profit Organisations."¹⁴

FIA strongly supports the Committee's recommendation to develop a standardised system of disclosure. Establishing a standardised means of reporting and a national accounting standard for nonprofits is essential to ensuring that data on the sector can be consistently recorded and evaluated. Further, if made available to government, the sector and the public, this collected data would be an invaluable tool for measuring and assessing the contribution of the sector.

Not for profit organisations are invited to share their thoughts on pre-requisites for success (including 'stand out models' within the sector)

Stand out models within the sector are highlighted by a number of awards programs.

FIA National Awards for Excellence in Fundraising

FIA's National Awards for Excellence in Fundraising recognise outstanding achievements by fundraisers and organisations, and seek to encourage and commend innovation and the highest standard of practice in the sector, both on a state level and nationally¹⁵. FIA's National Awards for Excellence in Fundraising are a key component of FIA's commitment to best practice in fundraising. The awards are an opportunity for recognition of outstanding initiatives and financial results exceeding industry benchmarks. They encourage professional practice and promote the role of fundraisers in achieving the goals and mission of their organisations.

PwC Transparency Awards –

PricewaterhouseCoopers second annual Transparency Awards – co-sponsored by the Institute of Chartered Accountants in Australia and the Centre for Social Impact – acknowledges the quality and transparency of reporting within the nonprofit sector¹⁶.

Equity Trustees – CEO awards

The annual Equity Trustees NFP CEO Awards recognises outstanding leaders of nonprofit organisations. While the work they do is just as challenging as that of their colleagues in the corporate sector, their enormous contribution often goes unheralded. Yet without their dedication and that of their staff, the communities they serve would be all the poorer. The purpose of these awards is to redress that balance by giving nonprofit organisations the profile they deserve¹⁷.

¹⁴ The Senate Standing Committee on Economics, *Disclosure regimes for charities and not-for-profit organisations*, December 2008. P. 103

¹⁵ Further information can be found at FIA's website, <http://www.fia.org.au/AM/Template.cfm?Section=Awards>

¹⁶ Further information can be found at Pricewaterhouse Coopers' website, <http://www.pwc.com/extweb/aboutus.nsf/docid/B7895E8C1C53CC94CA2573330005A220>

¹⁷ Further information can be found at Equity Trustees' website, <http://www.eqt.com.au/ceoawards/default.asp>

Comments are invited on what factors are impeding the spread of knowledge among Australian not for profit organisations regarding how well they deliver their outcomes and key drivers of their efficiency and effectiveness in doing so. Similarly the Commission invited comment on what factors facilitate the spread of such knowledge and how these might be enhanced.

The lack of a recognised framework for reporting on outcomes and key drivers is a serious impediment to the spread of knowledge in the sector. FIA members unanimously agree that the current commonwealth, state and territory disclosure regimes fail to enable the work of the sector as the primary focus is on financial reporting and ratios which are not based on a national accounting standard and are therefore meaningless as tools of performance measurement or comparison.

Of particular concern to charities is measuring and reporting the cost of fundraising. Without a standardised reporting system, there is no way for organisations to meaningfully measure and compare costs and outputs. In recent years, charity regulators have looked increasingly to mandate the use of measures such as the Cost of Fundraising Ratio (CoFR)¹⁸. FIA does not recommend using this measure for a number of reasons, such as a failure to encapsulate the scope and varying intention of different fundraising appeals, uncertainty as to what constitutes an “acceptable” CoFR, the lack of accounting standards means reported costs of fundraising are not standardised, and it does not truly reflect efficiency and performance in organisations across the board¹⁹. Lack of standardisation in this area, as well as the absence of standardised financial and narrative reporting, impedes the spread of knowledge within the sector.

Peak bodies and professional associations are instrumental in facilitating the spread of knowledge within the sector. FIA, through professional development, professional standards and advocacy, works to enrich and share experience, expertise and support among fundraisers and their organisations. There are a number of similar associations working in the nonprofit sector in Australia, such as the Australian Council for International Development (ACFID), Philanthropy Australia and The Australian Council of Social Service (ACOSS) to facilitate the spread of knowledge in their particular capacities. The role of peak bodies and professional associations in spreading knowledge could be enhanced by close work with government regulators. Opportunities for dialogue, as well as the Senate Committee’s recommendation that FIA and ACFID’s codes of conduct be adopted by the proposed national regulator, would ensure that the knowledge held by these bodies can be used by government to more effectively and responsively regulate the activity of the sector.

Comments are invited on the incentives (such as community attitudes and views of donors) on not for profit organisations to operate efficiently and effectively and to take innovative approaches. To what extent do these incentives differ as a result of the funding arrangements faced by an organisation? Are the incentives currently faced by not for profit organisations sufficient to ensure they operate in an efficient and effective manner and, if not, what changes are needed to increase those incentives. Are there constraints on innovation, and if so what can be done to remove them?

Incentives

Public attitudes and the views of donors and other stakeholders (including beneficiaries) are the primary incentives for nonprofit organisations to operate efficiently, effectively and innovatively. Nonprofit organisations depend on contributions from grant makers (both government and private), the public and their members, in order to deliver services to

¹⁸ The Cost of Fundraising Ratio is the proportion of fundraising expenses to total fundraising revenue.

¹⁹ Fundraising Institute Australia, *Research on Key Issues in Fundraising*, September 2004.

beneficiaries, and a loss of confidence from these stakeholders can be disastrous for an organisation. This incentive varies somewhat depending on an organisation's sources of funding, however it is ultimately an issue of being accountable to funders and stakeholders, regardless of who they may be.

Non-statutory regulation

At present, self-regulation under industry codes allows not for profit organisations to demonstrate to funders, stakeholders and the public that they are upholding the highest standard of practice. FIA's Principles and Standards of Fundraising Practice²⁰ and the Australian Council for International Development's (ACFID) Code of Conduct are standouts in the sector, encouraging transparent, ethical and accountable conduct for fundraisers, charities and nonprofits operating in Australia and overseas.

FIA has taken a lead role in developing non-statutory regulation of fundraising in Australia. FIA's Principles and Standards of Fundraising Practice have been developed over a period of three years (2005 – 2008) with intense government and public consultation in order to:

- support the rights of donors who make gifts
- establish a code of conduct for fundraisers
- guide fundraisers in ethical and professional practice

FIA's codes are mandatory for FIA members.²¹ Compliance is monitored by the Ethics Committee in accordance with a formal and open complaints process. Complaints from donors or members of the public, as well as others in the industry, are open to review and action by the Ethics Committee, thereby providing compliance with FIA's codes by all member organisations, as well as a call to action for non-members organisations²².

Since 2005, the Government of Victoria has endorsed FIA's work in developing and managing a voluntary code of practice²³ which contains:

- mechanisms to effectively monitor compliance
- sanctions for non compliance
- an appropriate complaints mechanism

It is a recommendation of the Senate Economics Committee that FIA's code, along with ACFID's Code of Conduct, be adopted by the proposed national regulator.

²⁰ Further information can be found at FIA's website,

http://www.fia.org.au/AM/Template.cfm?Section=Principles_and_Standards_of_Fundraising_Practice

²¹ As at 19 August 2008, staff of more than 80 organisations and almost 1,800 individual professional fundraisers have made a voluntary commitment to comply with FIA Principles and Standards of Fundraising Practice.

²² FIA's Complaints Process can be viewed at,

http://www.fia.org.au/Content/NavigationMenu/EventFlyers/FIA_Complaints_Process.pdf

²³ *Government Response to Review of Fundraising Appeals Act*, August 2008, pp10 – 11. The report further notes that the issue of voluntary codes will be discussed at cross-jurisdictional level through a Working Party of the Standing Committee of Officials of Consumer Affairs to ensure that any voluntary code of practice that is ultimately developed can be applied nationally. The Victorian Government's interest in FIA's codes was first noted in their report from Consumer Affairs Victoria, 'Review of the Fundraising Appeals Act 1998: Proposals for reform' December 2005.

Link:

[http://www.consumer.vic.gov.au/CA256902000FE154/Lookup/CAV_Publications_Fundraising/\\$file/fundraising_government_response_august_2008.pdf](http://www.consumer.vic.gov.au/CA256902000FE154/Lookup/CAV_Publications_Fundraising/$file/fundraising_government_response_august_2008.pdf)

Statutory regulation

In addition, effective statutory regulation is vital to strengthening the incentive of public trust in the sector. The State Services Authority Victoria noted that “regulation is a tool used by government to help to build [public] trust and confidence in the sector and facilitate its important work”. The example of the Australian Communications and Media Authority’s (ACMA) Do Not Call Register demonstrates the role of statutory regulation in safeguarding public and stakeholder trust in the sector. Although charities are exempt from the prohibition on calling numbers on the register, they must still comply with a number of other requirements to minimise the intrusion and inconvenience of telemarketing calls to the public. Since the introduction of the Do Not Call Register and the surrounding regulation, complaints against charities and other exempt organisations made up less than 1% of overall complaints lodged with ACMA²⁴. ACMA refers all complaints regarding charities to FIA, and FIA has received only two complaints for the period of January 2008 to the present.

Demonstrating that regulation of telemarketing (be it for charitable, research or for-profit purposes) is working to accommodate the needs of both organisations and the public, as well as facilitating a process under which the public may seek advice and make complaints, is essential to safeguarding community and stakeholder attitudes to the sector.

Constraints on innovation

Currently, onerous and conflicting legislation and regulation throughout Australia constrains innovation in the nonprofit sector. In Victoria, the State Services Authority estimates that a review of nonprofit regulation could save the sector in Victoria roughly \$24 million in compliance costs per annum²⁵. World Vision Australia reported that reporting in line with inconsistent fundraising legislation costs at least \$1 million per year²⁶. The cost of compliance with conflicting legislation and regulation is a burden on the sector, particularly for small organisations²⁷, and standardising and streamlining legislative compliance and reporting would liberate significant resources for innovation in program delivery and other operations.

Comments are invited on whether the governance and accountability regulations faced by not for profit organisations are appropriate and whether they provide sufficient flexibility to account for the diversity of scale and form of not for profit organisations. Where such regulations are deemed inappropriate or impose an unnecessary burden, how might they be improved? For example, are there significant regulatory burdens associated with not for profit organisations operating across jurisdictions? How might these be addressed?

At present, the governance and accountability regulations faced by nonprofit organisations are conflicting and overly burdensome for organisations, and limit the capacity for innovation in the sector. Current regulation does not account for a diversity of scale, as one-size-fits-all regulation unreasonably disadvantages smaller organisations²⁸. Exemptions granted under legislation mean that nonprofit organisations are differently regulated, again at the

²⁴ ACMA Sphere, Issue 26, December 2007.

²⁵ The Allen Consulting Group, *Review of NFP Regulation: Estimate of potential administrative cost savings (Final report to the State Services Authority)*. 27 September 2007. P. 1

²⁶ Industry Commission 1995, quoted in McGregor-Lowndes & Ryan, *Reducing the Compliance Burden of Non-profit Organisations: Cutting Red Tape*. In *The Australian Journal of Public Administration*, vol 68, no. 1. P 22.

²⁷ McGregor-Lowndes & Ryan, *Reducing the Compliance Burden of Non-profit Organisations: Cutting Red Tape*. In *The Australian Journal of Public Administration*, vol 68, no. 1. P 28.

²⁸ *Ibid*

disadvantage of smaller organisations, which distorts the role of the regulator and minimises the overall effectiveness of the regulation²⁹.

The regulatory burdens faced by nonprofit organisations operating across jurisdictions are significant, particularly in fundraising. Due to the varying requirements of state and territory legislation and regulation, it is not possible for a national organisation to run a single national fundraising campaign. In order to comply with various jurisdictions' regulation, national campaigns must be tailored for each state or territory³⁰. This presents a significant drain on resources and capacity for national organisations, which adversely impacts service delivery and operational effectiveness.

In addressing these difficulties, FIA strongly supports the recommendation of the Senate Committee for the establishment of a national regulator for nonprofit organisations³¹.

²⁹ For example FIA estimates that only 20% of fundraising in Victoria is regulated under the Fundraising Appeals Act 1998 because of the exemptions to the legislation. This creates a false sense of the role of the regulator and pushes the regulatory burden unfairly onto smaller NFPs, often serving challenging causes and public needs

³⁰ In fundraising alone, the main state government departments are the ACT Office of Regulatory Services, ACT Gambling and Racing Commission, NSW Office of Liquor, Gaming and Racing, NT Treasury Racing, Gaming and Licensing Division, SA Office of Liquor and Gambling Commissioner, QLD Office of Fair Trading, QLD Office of Gaming Regulation, Tasmanian Office of Consumer Affairs and Fair Trading, Tasmanian Liquor, Gaming Branch (representing the Tasmanian Gaming Commission), Consumer Affairs Victoria, Victorian Commission for Gambling Regulation, WA Department of Racing, Gaming and Liquor and WA Department of Consumer and Employment Protection.

³¹ The Senate Standing Committee on Economics, *Disclosure regimes for charities and not-for-profit organisations*, December 2008. P 1

Recommendations

In order to meaningfully measure the contribution of the nonprofit sector in Australia, and remove impediments to increasing its effectiveness and efficiency, FIA recommends:

- a) the establishment of a single national regulatory body for nonprofit organisations

In line with the recommendations of the Senate Standing Committee on Economics, and for the purposes of measuring and increasing the contribution of the sector, such a regulator should:

- regulate proportional to risk and not in accordance with exemptions
- reduce multiple reporting requirements reducing the regulatory burden
- develop appropriate accounting standards and reporting mechanisms
- adopt a standardised disclosure regime
- encourage benchmarking
- assist nonprofit organisations in annual reporting
- provide meaningful information for the public
- promote responsibility for this sector to ministerial level
- 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)

- b) the development of appropriate and standardised benchmarking and reporting tools

Such tools should:

- include a standard chart of accounts for nonprofit organisations
- include a standardised disclosure regime
- provide for the reporting of narrative data as well as financial and numerical data
- encompass both economic performance criteria and measurement of mission-based indicators