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Submission to Productivity Commission study into the contribution of the Not For Profit Sector

By the Standing Committee of the Synod of the Anglican Church Diocese of Sydney

Executive summary

- We are the Anglican Church Diocese of Sydney. Our agencies provide a wide range of programs including social welfare, education, health and ageing, youth, and homelessness. Our parishes and their networks of people within congregations provide social cohesion and community within local geographic communities – *(see paragraphs 5-7)*
- Historically the Diocese, together with other church and Christian charities, has been a major provider of social services and a contributor to social capital throughout the community – *(see paragraphs 8-9)*
- Unincorporated entities, such as churches, contribute greatly to our programs and to enhancing social inclusion through volunteer work and the maintenance of social networks. Any meaningful assessment of the total service provision and contribution of the not for profit sector should take these entities into account – *(see paragraphs 12-16)*
- There is a need to better recognise and measure the non-economic contribution of the not for profit sector to the social fabric of society, particularly in the areas of volunteering and social networking – *(see paragraph 17)*
- Appropriate indicators focusing on outcomes and impacts should be developed in order to properly measure the contribution of the sector – *(see paragraph 18)*
- The efficiency and effectiveness of the sector could be enhanced by government –
 - Adopting a single accreditation process for all State and Federal programs
 - Consulting during the development of contractual conditions
 - Deferring acquittals until the end of the contract period, with annual accountability statements
 - Standardising the timing of reporting for service delivery outputs
 - Maximising data access for service providers' own reporting and internal evaluation purposes
 - Consolidating and analysing data for high level reporting back with benchmarks
 - Reviewing the current regulatory burden associated with volunteers in the workforce
 - Not pursuing a "one-size-fits-all" approach to legal structure and disclosure regimes *(see paragraphs 19-27)*
- The provision of government funded services could be improved by government –
 - Streamlining the tender application process to reduce the administrative resource burden
 - Adopting one simplified contract covering all government departments
 - Ensuring funding is delivered on time and is sufficient to cover essential infrastructure
 - Balancing calls for competitive neutrality with non-economic considerations to ensure the community is not left with a reduced range of services and less favourable cohesion and social inclusion outcomes *(see paragraphs 28-34)*

Who we are

1. The name of our organisation is the Anglican Church Diocese of Sydney.
2. This submission is made by the Standing Committee of the Synod of the Diocese. The Synod is the principal governing body of the Diocese. The Diocese is the oldest and largest of the 23 Anglican dioceses which together form the Anglican Church of Australia.
3. The Diocese covers an area that stretches from Lithgow in the west, the Hawkesbury River in the north and beyond Ulladulla on the NSW south coast. It encompasses Australia's largest city as well as the city of Wollongong.
4. The Diocese is an unincorporated voluntary association comprising various incorporated and unincorporated bodies. These bodies, together with the diocesan network of 267 parishes¹, are accountable to the members of the Church through the Synod.

What we do

5. We provide a wide range of programs including social welfare, education, health and ageing, youth, and homelessness.
6. These programs are provided through our component bodies including large social welfare institutions such as Anglicare² and Anglican Retirement Villages, as well as other charitable institutions including Anglican Youthworks³, and 39 Diocesan schools⁴.
7. However, the importance of our parishes and their networks of people within congregations to the provision of these services should not be underestimated. They provide social cohesion and community within local geographic communities. They are a natural social infrastructure which is an effective base for the provision of services which contribute to community cohesion and social inclusion.
8. Historically the Diocese, together with other churches and Christian charities, has been a major provider of social services and a contributor to social capital throughout the community. From the early days of colonial settlement, throughout the 20th century and to the present day Christian charities in the not for profit sector have remained central to the provision of social services in Australia.
9. This historical perspective is set out in more detail in Appendix 1⁵.

Scope of the study

10. **General support:** We generally support the Commission's approach of adopting a broad view of the not for profit sector for the purposes of assessing its contribution and progressively narrowing the study's focus to consider the specific policy and capacity issues relating to the efficiency and effectiveness of the sector and the provision of government-funded services.
11. **Early exclusion of unincorporated entities:** However, we are concerned that by focusing less at an early stage on unincorporated entities (Figure 1, page 11, Issues Paper) the Commission appears to be suggesting that unincorporated entities do not provide "significant services" to the community and

¹ The regular combined membership of our 267 parishes is about 80,000 people.

² Anglicare relates to approximately 40,000 clients on an annual basis with counselling, children and youth services, emergency relief, family relationships and aged care.

³ Anglican Youthworks is the co-ordinator of work amongst children and young people and provides materials to 300,000 students, supports 4,000 volunteer and employed scripture teachers, and 8,000 youth leaders attending training events. 50,000 mostly young people and children attend outdoor programs and centres.

⁴ Attended by approximately 35,000 students.

⁵ In light of this historical perspective, we would want to respectfully query the historical accuracy of the comment made on page 13 of the Issues Paper – "As governments have contracted-out areas of service provision the [not for profit] sector has moved into some more traditional public sector roles."

are not involved in the promotion of “social inclusion”. We believe that unincorporated entities, such as churches, contribute greatly in these areas and therefore any meaningful assessment of the total service provision and social inclusion contribution of the not for profit sector should take these entities into account.

Measuring the contribution of the not for profit sector

12. **Social services:** Not for profit organisations make a major contribution in Australia to the provision of social services. In this respect, church organisations deliver the overwhelming majority of Australia’s non-governmental social services –
 - (a) Anglicare Australia is the peak body for Anglican caring organisations in Australia which employ 12,000 staff and 20,000 volunteers, serving over 426,000 clients annually.
 - (b) Catholic Social Services Australia has 67 member organisations that employ over 10,000 people providing services to a million Australians annually.
 - (c) The Salvation Army operates some 520 centres across Australia providing employment, emergency relief, crisis, counselling and other services.
 - (d) UnitingCare Australia employs 35,000 staff and 24,000 volunteers, serving around 2 million Australians each year.⁶

While these four church agencies are among the biggest of these service providers, together they account for only part of the overall contribution made by church agencies, religious organisations and local churches to social service delivery in Australia. The many local churches are an important source of volunteers and staff for the large church agencies; some local churches are large enough to run their own social welfare programs.
13. **Education:** Not for profit organisations are also integral to the delivery of primary and secondary school education in Australia. Again church organisations are the major non-governmental providers in this area. It is estimated that non-government schools educate around one third of Australian students and represent 28% of all Australian schools. Catholic schools alone represent two-thirds of non-government schools with more than 600,000 students⁷. Anglican, Lutheran and Christian community schools are the other major providers in this sector.
14. **Church and local community:** Perhaps more importantly than the role of the large church agencies in social service delivery, churches themselves are an integral part of thousands of local communities and play an important role in enhancing social inclusion and cohesion⁸. Previous research by NCLS Research, a church-funded research organisation, has provided evidence of the extent of local church involvement in local communities. A major national survey of local churches found that almost half (46%) of Anglican and Protestant churches allowed community groups such as aerobics classes and Alcoholics Anonymous to use church property, some 45% of churches had representatives on community groups or committees, 27% participated in special community activities such as community fairs, 35% were directly involved in providing welfare services and 32% ran play groups, craft groups and other leisure groups⁹.
15. **Contribution to social fabric:** Work by Mark Lyons and others indicates that compared to other OECD countries, Australia ranks highly in terms of the economic contribution made by the not for profit sector¹⁰. However, there is a need to recognise and measure the contribution of the not for profit sector not only in terms of its economic contribution but also in terms of its contribution to the social fabric of society. The not for profit sector enhances the social inclusion of individuals, community development and cohesion, and the accumulation of social capital in communities through volunteer work and the maintenance of social networks. Internationally there are a number of studies underway to quantify the social contribution of the not for profit sector. In the United Kingdom this is currently being attempted via a national survey of the Third Sector facilitated by government.

⁶ Access Economics (2008) *The Impact of the Global Financial Crisis on Social Services in Australia*, p2.

⁷ Australian Bureau of Statistics (2001) *Schools Australia Preliminary*, Canberra; Christian Research Association “Australian schools: growth in the independent sector” viewed at <http://www.cra.org.au/pages/00000089.cgi>

⁸ Access Economics (2008) *The Impact of the Global Financial Crisis on Social Services in Australia*, p2.

⁹ Kaldor, P, Bellamy, J and Moore, S (1995) *Mission under the Microscope*, Adelaide: Openbook, p39.

¹⁰ Lyons, Mark (2001) *Third Sector: The Contribution of the Not for Profit and Cooperative Enterprises in Australia*, Allen and Unwin, Crows Nest, NSW, p204

16. **Volunteers:** The economic contribution of the not for profit sector can be partially ascertained by examination of employment data, turnover, contribution to infrastructure and contribution to Gross Domestic product. However, these are only partial measures since the contribution of those organisations which do not employ people and the value of volunteering are both omitted from such calculations.
17. **Volunteerism and churches:** Churches are important generators of what has been termed 'social capital'. Social capital includes trust and reciprocity among individuals and groups, patterns of civic engagement, volunteer work and confidence in social institutions. Data from the 2005 *Giving Australia* survey provides evidence that having a religion – and high levels of church attendance in particular – are positively related to volunteering activity¹¹. Of the people who attend church frequently 56% volunteer an average of 168 hours per year, whereas among people who say they have no religion 36% volunteer an average of 106 hours per year. Church attendees are more likely to do more hours of volunteer work than the general population; such activity is by no means limited to congregational life with many church attendees being active both within and beyond their congregation¹².
18. **Measurement of outcomes and impacts:** We agree with the approach proposed by the Commission to use a range of indicators for evaluating the contribution of the not for profit sector. We believe in the past there may have been an over reliance on the more easily quantifiable measures of inputs and outputs and agree with the inclusion of outcomes and impacts in the conceptual framework outlined (Figure 2, page 22, Issues Paper). In particular we would emphasise the importance of developing appropriate indicators of outcomes and impacts, including the intangible and perhaps non-quantifiable outcomes and impacts, in order to properly measure the contribution of the sector.

Enhancing the efficiency and effectiveness of the not for profit sector

19. **Accreditation:** There are significant variations in the expectations that various Government Departments place on service providers in order to meet accreditation standards. Responding to these variations takes considerable resources and staff time. One agency can deliver a mix of funded programs and the reporting mechanisms and processes are very different for Home and Community Care (HACC) and Commonwealth funded programs. HACC goes through an integrated monitoring process and the Commonwealth goes through a quality reporting process. The two processes are different in that one requires the preparation of a self assessment desktop audit and the other conducts workplace assessment. Some service providers are responsible for several programs which each include the two types of funding streams. It would be helpful, therefore, if all governments adopted a more co-ordinated approach using one monitoring process. Although preliminary work has been done on moving to common community care standards as part of merging aged care into one service system, it appears that the proposed change has been put on hold until further notice.
20. It is recommended, therefore, that government departments at both State and Federal level coordinate their expectations around governance to achieve accreditation for all programs through a one-off process. The current duplication detracts from the financial and emotional capacity of not for profits to deliver the outcomes desired by government funders. While recognising there is a need for compliance reporting, that reporting should be framed so that it adds value to both parties.
21. **Government contracts:** The language of Government contracts with service providers is often confusing. Some of our agencies report that recently there has been discussion of a clause in the FRSP contracts which means all sub-contracting relationships whether with direct or indirect services are treated as though they are with direct services. Our agencies have provided feedback on this issue but it has been a frustrating process ensuring that the feedback gets to the right person and then that it is understood (as those drafting contracts are often quite divorced from service delivery issues). Government at all levels could improve their transparency in the development of these contracts and ask for feedback from the sector on any concerns about contractual conditions before contracts are finalised. The process to date has generally been that the service providers are offered a particular contract format (sometimes even without the applicable conditions) on a take it or leave it basis.

¹¹ Lyons, M (2006) "Giving time and giving money" Paper presented to the Inaugural Volunteering Research Symposium, Melbourne, 7-8 March.

¹² Leonard, R and Bellamy, J (2006) "Volunteering within and beyond the congregation: A survey of volunteering among Christian church attendees" *Australian Journal on Volunteering* 11:2, pp 16-24.

22. **Acquittals:** The acquittals process is complex and inconsistent across programs. If there was a common practice in place it would assist the not for profit establish best practice and improve efficiencies in the management of its governance obligations. Regardless of the length of the contract (1-5 years) acquittals have to occur annually. If there is a surplus, which is usual in the first year with set up etc, the not for profit has to apply to retain the surplus. Sometimes it can take 6 months or more before the result of the application is made known, which then puts pressure on the not for profit to spend any surplus before the end of the next financial year. It would be administratively easier if acquittals were not required until the end of the contract period. The not for profit could still supply an annual statement for accountability. Accountability for the use of tax payer money is paramount for both the government and the not for profit service provider. However, the process of assessing accountability is one that should add value and further inform the evaluation of program outcomes for both parties, and not just report against a financial compliance regime.
23. **Inconsistent reporting requirements:** With different funding types there is no consistent approach between the State and Federal Government in relation to reporting service delivery outputs – the State HACC programs are reported quarterly and the Commonwealth National Respite Carer Program (NRCP) programs are reported half yearly.
24. **Data issues:** Each government funded program has its own reporting requirement and separate database system. This requires data entry at the service end but provides minimal reporting back to the services. It is not possible to access the program data once it is entered in either the State or Federal Government database, and so a system of double entry of data is required – which is extremely time consuming and inefficient. What is required is either access to the program or service data by the service after it is entered or more sophisticated reporting back from government. It is therefore recommended that Government review the current data capture system for funded programs with the aim of providing maximum data access to services for their own reporting and internal evaluation purposes.
25. **Data consolidation:** Currently a significant amount of data is being captured by governments in various databases for various programs across the country. However there appears to be no intention to consolidate and analyse this data for high level reporting back to the sector on performance and outcomes. There is a consistent focus by government on inputs into the programs but very little reporting of outputs or outcomes back to the sector. Benchmarking and regular reviews of performance in key funding areas would be possible if such global data analysis was carried out.
26. **Effect of regulation:** The direct application of some legislation designed primarily to regulate the for-profit sector to the not for profit sector is becoming an increasing hindrance to attracting volunteer workers in the not for profit sector. This is particularly the case in smaller not for profits. Examples include the effect of OH&S legislation on a range of volunteer roles and the financial and prudential obligations that may attach to volunteer members of boards. While issues surrounding things such as safety and financial responsibility may be universal and clearly warrant equal standards across all organisations, not for profits generally would benefit from having legislation that recognised the important differences in circumstances between the for-profit sector and not for profits. For example, the need for the volunteer to devote their 'own time' to achieving the formal competencies required by the regulations is presently a disincentive to the individual volunteering to work for the not for profit.
27. **Disclosure and governance:** Our submission to the Senate *Inquiry into Disclosure regimes for Charities and Not For Profit Organisations* makes a number of points concerning disclosure and governance which are relevant to the Commission's focus on enhancing the efficiency and effectiveness of the not for profit sector. Our concerns are summarised in a letter to the Parliamentary Secretary for Social Inclusion and the Voluntary Sector included as Appendix 2.

Provision of government funded services

28. Some of the matters detailed below (in particular funding application issues, multiple contractual and reporting arrangements, delay in funds delivery) also have a direct impact on the efficiency and effectiveness of the not for profit sector.
29. **Funding application issues:** Most of the State and Federal Government funding available to the not for profit sector is accessed via the tender process. Each tender is specific and different from every other tender – with different criteria and demands. The process of tender application is extremely time consuming and resource demanding. Streamlining the process would reduce the administrative and

resource burden on agencies and also provide a more equitable tender environment. Currently small agencies have difficulty finding the resources to commit to the tender writing process. However, if they do not comply with the process their programs will no longer be funded.

30. **Multiple contractual and reporting arrangements:** Every Government Department has a different funding agreement or contract with different accountability requirements. This creates issues in terms of multiple reporting and is extremely resource intensive requiring considerable commitment of staff time by the not for profit. Family and Housing Community Services and Indigenous Affairs (FaHCSIA) and the Attorneys General Department, currently responsible for Family Relationship Support Program (FRSP) funded services have attempted to improve the current reporting issues by the drafting of simplified contracts with reduced reporting requirements. These contracts are expected to come into effect for some of the services provided by our agencies from July 1, 2009, with the option of other services which are not due for renewal until June 2011 being added to this cover. In general, having one simplified contract with any government department (such as FRSP services) with one end date and simplified reporting requirements would be helpful. This would also reduce the auditing requirements.
31. **Agency training and support:** In general funding providers are not very proactive in providing ongoing guidance, training, and relevant tools to grant recipients.
32. **Delay in funds delivery:** Funds are sometimes received later than had been indicated, with the effect of delaying the commencement of programs or delivery of crucial services.
33. **Funding for infrastructure:** Currently many government funded programs provide funds for service delivery but insufficient funds for infrastructure development – including buildings, office space and IT. For example, Community Care Day Centres are given limited funding to operate efficiently and effectively where often premises may require additional funds to ensure the safety and well-being of both clients and staff is maintained. The not for profit service provider is left with a funding shortfall because its property and rental expenses include a component based on usage which includes costs associated with maintenance upkeep.
34. **Competitive neutrality:** We respectfully submit that the government not adopt a simplistic reliance on competitive neutrality as the most important condition for competition for government contracts. While superficially attractive, the use of this criteria may obscure the fact that the recently established for-profit organisation may be offering a very limited service, targeted just at the most profitable part of the sector. Also, a reliance on competitive neutrality does not recognise the particular non-economic contribution made by the not for profits in service delivery. Unless the government takes these matters into account we are concerned that the community could be left with a reduced range of services, and less favourable outcomes and impacts in terms of community cohesion and social inclusion.

For and on behalf of the Standing Committee

ROBERT WICKS

Diocesan Secretary

29 May 2009

Appendix 1 – Background to the role of the not for profit (charity) sector

1. Prior to the Second World War, social services in Australia were almost entirely delivered by charities: importantly if you go back even further to the foundations of white settlement in NSW, the Benevolent Society was established in 1813 and is the oldest, if not the first, charity in Australia.
2. Originally established as the “NSW Society for Promoting Christian Knowledge and Benevolence in these Territories and the Neighbouring Islands”, its founders were from a group of evangelical Christians in England called the “Evangelical Revival” who set out in 1813 to create a public society to promote evangelism in the Pacific and benevolence in Sydney. The vision of the Evangelical Revival was of a regenerated, caring society, and their program was comprehensive. The hand of perhaps the best known of them, William Wilberforce, was clearly seen in their determination to address the needs of the poor and excluded in Sydney society.
3. The founders of the Society were keen on evangelism as much as relief of poverty and distress, but as a result of the influence of Governor Macquarie, they began to focus on the latter object (the relief of poverty and distress) – and on the colony rather than the South Pacific. So the Society was reconstructed in 1818 to focus solely on the care of the poor – in exchange for significant government financial support in the form of cash, and the building of a substantial asylum building on the road to Parramatta.
4. This was an NGO to which the principal single contributor was the government. One of Australia’s foremost historians of social history, Dr Brian Dickie, puts it this way: “Here was a public voluntary society, but one in which the government was the principal, though non-voting, subscriber to the funds used to pay running costs and virtually the sole source of capital funds.”
5. Wilberforce’s influence could be seen also in his strong support of penal reform in the colony – and the improved treatment of the convicts: the rather enlightened “ticket of leave” system was a feature – not just a practicality in a colony without enough freeman workers – as was the insistence on a chaplain for the convicts, and Wilberforce encouraged Marsden to take up the position in Sydney.
6. Unfortunately the emphasis on Marsden as the “flogging parson” has meant he has been rather unfairly maligned (interestingly he is a real hero in New Zealand). It has also meant we have missed the significance of what was actually going on there. It was Marsden for example who convened the committee to establish the first orphanages in Sydney and Parramatta in 1800 – with some government funding as well as donations from the public – and the support particularly from Mrs King, the wife of the Governor (so much so that the charity was often referred to as “Mrs King’s orphanage”). Public support dropped off in time, so in that sense the charity as an institution did not continue.
7. In fairly quick succession district nursing services started (1820), asylums opened for the poor, blind, aged and infirm (1821), maternity hospitals (1866) and the first Women’s Hospital in Australia commenced (1901). In 1862, Sydney City Mission, “an unsectarian Christian organisation” began to address poverty, and soon similar missions were in Brisbane (1859) and Adelaide (1867) (these uniting recently as Mission Australia). Vincent de Paul started its services in Sydney in 1881. Homes of Peace were established to provide palliative care by charities such as the Little Company of Mary and Homes of Peace Hospitals (now Hope Health Care) which was established by the Deaconesses within the Anglican Diocese of Sydney.
8. Many of these charities were established by the Churches, or people within the Churches. Hammond Care had its origins from the social services provided by the Anglican Church at St Barnabas’ Broadway where RBS Hammond was minister at the start of the 20th Century: during the Depression years his Hammond’s Social Services was the largest social service provider in Sydney. It became the Diocese’s social welfare arm, Anglicare Diocese of Sydney.
9. Around the country, the distribution to the poor of food and clothing, of housing relief or district nursing support or asylums for destitute children or the aged or the dying - social services - prior to the Second World War were overwhelmingly provided by parishes in the Diocese and religious based charitable institutions.
10. Our largest overseas aid and development organisation, World Vision Australia, began 41 years ago – in 1966 by Evangelical Christians from a number of denominations.

Changing role of government

11. But society generally, and in particular government's role, has changed since these organisations began. After the Second World War and, indeed, throughout the second half of the 20th Century, the State throughout the Western World took an increasing interest in the provision of social services. Jonathan Sachs (who until recently was the Chief Rabbi of the United Kingdom and the Commonwealth) refers to this as the "nationalisation of compassion". The increasing expectation was that it was up to the State, not the individual or the community group, to be responsible for social services. Charity – once needs-based now became universal entitlement. The result was that in Western countries, compassion was nationalised.¹³
12. The interesting thing is, however, that this trend to increased State involvement in social service provision differed markedly in Australia compared to the United Kingdom (and indeed Europe and Scandinavia generally) as well as the United States. In Europe these social services were viewed as "public services" delivered by the bureaucracy or government-run departments or local authorities. In the UK there was huge growth in the provision of social services through the local government authority or through local health Trusts.
13. But that is not what happened in Australia. In Australia, government took the view – in the main – that there already were charities delivering these services. It would be more effective and efficient if the increased government funding of these areas occurred through government subsidy of those existing services rather than by a replication of them through the creation or growth of government departments.
14. This decision had a profound impact on the character and nature and size of charities and non-profit organisations in Australia compared to the United Kingdom and the United States. A comparison of a table of the top US charities by income (just one indicator but a revealing one) shows that at most 25% of the top US charities are social welfare providers. The largest 25 are not predominantly focussed on human social services. In the UK about 40% of the largest 25 are providers of social service like Oxfam for emergency relief or Mencap which advocates for people with disabilities.
15. The situation is quite different if you look at Australian charities. 23 of the 25 largest Australian charities based on income are social welfare institutions, mostly religious-based. If you then exclude those that are focussed on education, they are almost all focussed upon social services.
16. The more pronounced involvement of NGOs in the provision of social services in Australia compared to the US and the UK is arguably for the following reasons –
 - (a) First, in the pre-WW 2 years, when there was little involvement of government in these services, it was the charities (largely church-based) that were doing it.
 - (b) Second, when the State became involved in the latter part of the 20th Century in this area of service provision, it decided in Australia (at least for domestic social welfare services) to work through the existing service providers rather than, as in the UK, establish their own infrastructure.
17. The result is that there is an overwhelming presence today of charities in the provision of social services – and these institutions are arguably some of the most efficient and effective to be found internationally.

Corporatisation and for-profit service providers

18. In the mid-1990s the Industry Commission inquiry into Charitable Organisations examined and reported on the size, scope, efficiency and effectiveness of the services provided by charitable organisations. The recommendations of the Industry Commission's report were the catalyst for much of the corporatisation of the not for profit sector that took place across Australia in the second half of the 1990s; a process that brought with it both opportunities and challenges.
19. The opportunities ranged from greater transparency and better efficiencies and governance to more effective service delivery. These were taken up by many organisations including Anglicare.

¹³ Jonathan Sachs, The Politics of Hope, New York, 2001

20. The challenges hinged on greater competition for funding and increased Government regulation of the not for profit sector, particularly for those organisations that receive Government funding. These challenges have been further complicated by the growth of for-profit providers. The for-profit providers have generally been recent entrants into the provision of services, they are selective in the choice of services they provide, and their objective to maximise profit often sits in tension with the delivery of high quality service.
21. The competition for funding has led to a decline in the natural partnerships that had formed between like minded service providers and caused a certain paralysis of commentary or critique of Government policy for those that are dependent on Government funding.
22. It is also important to note that not for profits have historically provided services where there is perceived need before this need is met by government. Typically government has followed, providing financial support for the services delivered by not for profits.

Appendix 2 – Copy of letter to Senator the Hon Ursula Stephens



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25 February 2009

Senator the Hon Ursula Stephens
Parliamentary Secretary for Social Inclusion
and the Voluntary Sector and
Parliamentary Secretary Assisting the
Prime Minister for Social Inclusion
Parliament House
CANBERRA ACT 2600

Dear Senator Stephens

Disclosure regimes for charities and not-for-profit organisations

I am writing to you on behalf of the Standing Committee of the Diocese about the report of the Senate Standing Committee on Economics on this matter. I understand that you are responsible for preparing the Government's response to the report.

As indicated in its submission to the Inquiry Committee, our Standing Committee supports appropriate levels of transparency and accountability for all charitable and not-for-profit organisations. However we have some uneasiness with the "one size fits all" approach that appears to have been taken by the Inquiry Committee in a number of its recommendations.

Of particular concern is the recommendation that a single, mandatory, specialist legal structure be adopted for all not-for-profit organisations (recommendation 6). We can see the merit of this recommendation insofar as it relates to not-for-profit organisations which are incorporated associations or companies limited by guarantee. However we are concerned that the Inquiry Committee, in its desire to simplify and standardise regulation, did not adequately turn its mind to the difficulties involved in migrating other forms of not-for-profit organisations to a mandatory legal structure. In our context, diocesan organisations constituted under the Anglican Church of Australia (Bodies Corporate) Act 1938 (NSW) would be an example of a class of organisations that would give rise to such difficulties. However they would not be alone in this regard.

We have similar "one-size-fits-all" concerns in relation to some of the recommendations concerning fundraising and reporting. These recommendations appear to reflect an emphasis throughout the report towards the accountability and transparency properly expected of organisations which undertake significant amounts of public fundraising and/or which receive significant amounts of government funding. A regulatory regime which is constructed with this as its sole focus risks imposing unnecessarily onerous obligations on not-for-profit organisations which are funded in less public ways.

We would appreciate if these matters could be kept in mind as you prepare the Government's response to the Inquiry Committee's report.

We would also appreciate consideration being given to including on any taskforce established to implement the recommendations of the Inquiry Committee, suitable representation on behalf of church and religious organisations as a distinct class of not-for-profit organisation.

I can be contacted on (02) 9265 1671 or at rjw@sydney.anglican.asn.au if you would like to discuss this matter.

Yours sincerely

ROBERT WICKS
Diocesan Secretary