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**BUNNERONG GYMNASTICS ASSOCIATION INC.**

Not for Profit Sector  
Productivity Commission  
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**RE: SUBMISSION TO THE COMMISSION – DRAFT REPORT**

The following submission is made in accordance with the directions of the Productivity Commission in response to the draft report issued October 2009. This response is authored by:

Paul Cooper

**ISSUED ADDRESSED**

Legal Status

Our Association is incorporated under NSW legislation. The Association employs staff and pays PAYG and GST to the ATO.

Fundraising Legislation

The Commission's draft report notes on page xxii that the legislation regarding fundraising is inconsistent across jurisdictions. The Association would like the Commission to note that it is difficult to get volunteers to assist in fund raising and any form of compliance legislation makes the task even more onerous and possibly not cost / benefit worthwhile. The Association asks the Commission to address this with simple, national legislation where compliance amounts to one, one page form per year.

#### Central Body

The Commission notes also on page xxii that there is no single body to drive reforms. The Association is cautious about the concept of a new single body. The last thing the Not for Profit Sector needs is another Bureaucracy to deal with. ATSiC can maintain a register in need. This would be fine if they could direct Federal, State and Local Government but this is unrealistic. The Association feels that the money spent on this would be better used in the form of Capital Grants to Not-For-Profit organisations. There will be more comment on this further into this response.

#### Compliance costs – in particular grants

The Association agrees that compliance costs are too onerous and this is particularly so with grants. In our case, requiring a new facility, it has taken six (6) years to get a Plan of Management, now we can not get money from the NSW Department of Sport and Recreation without a long lease (Licence). The NSW Department of Lands won't grant long licences so we are expected to pay a proportion of the cost of the new facility (\$3,000,000) [we have thus far set aside \$380,000] with the prospect of investing the Association's money in a facility that will return to the crown with a possible lease period of five (5) or perhaps (10) years. This could, in theory, see the Association expelled from the new facility in favour of say Netball and still be liable for the debt. Now that the Council and the NSW Department of Lands have agreed a Plan of Management that includes a purpose built facility for Gymnastics (as is operated now as not for profit) one would think that the Council and the NSW Department of Lands would sign a 50 x 50 year lease (Licence). We have been advised by Randwick Council Staff that this is EXTREMELY unlikely. So we are stuck, six years on from when we started. There is always the promise it will happen but we are yet to be assigned a "one stop shop" person at Council who will work with us to facilitate the new building for Gymnastics.

#### In kind factor inputs

The Commissions report (page xxvi) notes that there are many intangible and in kind contributions to the sector. It is true that the time of volunteers (the Association's Committee) and other volunteers is not measured, though it could be in need. This has been necessary in the past for grant applications with the NSW Department of Sport and Recreation. These figures, while required were never audited.

## Funding sources

The Commission's Report notes on page xxvii that sports (amongst others) attract the highest number of volunteers and get the lower quantum of their funds from Government. In the Association's case there is a core of approximately 20 volunteers who provide regular assistance. The Association has only benefitted once from a NSW Sport and Recreation grant which was in the amount of \$22,000 being half the cost of a new sprung floor. The Association has held numerous discussions with Council and the NSW Department of Sport and Recreation and we are still no closer to getting a joint project team established and funds allocated for a new facility (grant + loan). **It would be good if a member of the Productivity Commission visited the Association to see these issues first hand. The new facility would make a good case study and one hopes that the Commission's visit would move things along.**

## Value for money in Government Grants

The Commission's draft report notes on page xxx that Not for Profit entities are free to perform poorly, if their members are happy, when there is no government money involved. In the case of this Association, performance is everything. That said, the Association is badly constrained by a lack of additional space that, if we had it, would see a rise in numbers from the present 700 members to an estimated 1,400 members. The extra space would allow for segregation of recreational and levels gymnastics and the ability to offer alternate programs like Gym Sports and Rhythmic Gymnastics which is impossible in our current building. Australians want to see our sports people do well at the Olympic Games but Governments are reluctant to fund the infrastructure needed to increase the outcomes for Australian sports people. If the Government (at any and all levels) invests money in Capital works in support of this Association it will see immediate benefit in the whole Community. As an example, the additional numbers of people using the facility would help address the National obesity issue.

## Philanthropy

It is possible that people would give or loan the Association money in support of a new facility. It is also possible that business would do likewise. However, with the constraints of a short term lease (Licence), no person or business in their right mind would donate funds. What we need is the Commission to put pressure on the NSW Department of Lands to revert back to signing long term agreements to provide tenure for Associations, thus giving certainty. Governments at all levels are there to provide goods and services to the Community, not to act as businesses seeking to maximise salaries and profits.

## Accountability

The Association's accounts are maintained on an MYOB system and are independently audited annually and presented to members prior to and at the

AGM. They are also provided to Council as a matter of courtesy. They can be provided to any Government Department that needs them.

#### Business Plan

The Association developed a business plan in 2001. It has been maintained and is up-to-date. A copy was provided to the Commission. The Association agrees that this is good practice.

#### Workforce retention

The Association agrees that it is hard to pay attractive salaries in the sport of Gymnastics. The Association's main income is derived from fees and parents of gymnasts undertaking competitive levels training (more advanced) are subsidised by the Association. None the less, fees for high level competitive gymnasts are expensive and parents of children engaged at those levels pay a very large amount in fees. So, in order to increase salaries, fees must increase, and the Committee are (quite rightly) very cautious of this. The Committee never wants to visit hardship on parents and to that end there is a compromise between fees and salaries. Opportunities for career progression are limited for Gymnastics Coaches. Once they reach the top level there is no where to go.

#### Strategic Planning

The Association notes that Strategic Planning is a weakness in government (page xli). The Association is pleased to advise the Commission that in the case of Randwick City Council, Strategic Planning Department, nothing could be further from the truth. The development of the Plan of Management for Heffron Park (which includes upgrading the building the Association is currently housed in) was done in a very thorough and professional manner. This task was EXTREMELY DIFFICULT and long in coming to fruition but it HAS WORKED.

We would like the Commission to note the above while recording our view that we would like to with the Council and others before the Plan of Management has time to develop into a "Classic".

#### Tax endorsement for donations

It is the view of the Association that if donations to sport were made tax deductible (in the case of Not for Profits) then this would assist to some degree in increasing the likelihood of donations. However, without a secure, long term lease (Licence) it is unlikely that donations will be forthcoming as the donor has no assurance of longevity in their gift. Tax deductibility would however allow for grass roots funding inputs that are what the community wants as opposed to far off bureaucrats deciding who gets what on the basis of business plans and accounts.

#### Raising capital

Again, the Association wishes to stress the need for 50 and 100 year leases for organisations who are operating on Crown land. Without this, there is no prospect of Public or Private investment.

#### Proposed national register

It is the Association's view that a National register of Not for Profits should be established by the Australian Securities and Investments Commission (ASIC). In the Association's opinion it is within ASIC's purview. Having a separate agency will only add to Government overheads. Once this register is established it should be low maintenance with compliance maintained by random sample audits similar to those conducted by the ATO. Reporting should be achieved by the State Office of Fair-trading supplying the data. There should be no need for an Association to report twice.

#### Recoup of personal costs incurred by volunteers

The Commission's draft report notes on page 10.5 that volunteers are motivated in part by a feeling of "what goes around comes around". This is indeed true. The report also notes on page 10.7 that volunteers on average incur costs of around \$700 in volunteering with no way to reclaim this money. The Association acknowledges these facts and suggests to the Commission that volunteers would be less "miffed" by this if they could account for their costs and have these matched in small grant funding by Government at all levels. This could be added to the Volunteer Grants Program as a way of getting funding to the grass roots level.

#### Insurance for volunteers

The Association finds the costs associated with insurance for volunteers acceptable. However, a lower cost Government funded scheme would be of assistance.

#### Portable long service scheme

It is the Association's view that the establishment of such a scheme has merit. Gymnastics coaches do move around and this would be of benefit to them. The Association is cautious however of compliance and reconciliation costs associated with such a scheme. If it is a one off when someone leaves similar to rolling over Superannuation then this would be acceptable. However, with the amount of "lost" superannuation in the community the Association cautions that this too might eventuate in the form of lost long service leave.

#### Net benefit test

In sports such as Gymnastics, there are a number of centres and they cater to members (families), in the range of 700 in this Association's case, up to perhaps 1,000. **In any Net Benefit Test Gymnastics would fail. There is simply no way to compare the high costs of Gymnastics with the low**

**costs of say touch football etc.** In the case of the latter type of sports the Council only has to maintain a grassed surface that can be used by players of touch football, soccer, rugby, rugby league etc. possibly all in the same day or week. The Association feels that any Net Benefit Test that took into account all the factors for each sport would be unworkable. This outcome is multiplied where the comparison was, for example, sports club vs. meals on wheel vs. the benevolent society. This does not preclude each project being judged on its own merit within its genre. This is workable and would compare like for like.

#### Long term planning for funding

The Association agrees that early indications of long term funding decisions would be very useful. In this Association's case we are six (6) years into trying to expand our facilities and are no closer to assurance of funding (in part) due to the issues raised previously. It is the Association's view that Councils should lodge their Plan's of Management with both the NSW Department of Lands and the NSW Department of Sport and Recreation. In this way they are in progress and then funding could be coordinated with long leases and management. This Association has been trying to achieve this for six (6) years and is still unsuccessful. We are unaware of any other sporting group in our area who has achieved this outcome but if they have we would like to know how they achieved it.

#### Bureaucracy associated with grants

On page 11.14 the Commissions' draft report states:

*There is evidence of concerns about the efficiency of grant-making. For example, the NSW Auditor-General found that audit respondents see red tape as interrupting and frustrating of their other work:*

*Less than a third agree that the amount of work to apply for grants is reasonable and that reporting requirements are consistent across programs. Fewer than one in four agree that decisions to approve grants are timely and only one in ten say there is coordination between grant-making agencies (including the Commonwealth). (2009, p. 6)*

It is true that the process of applying for grants is onerous (indeed many forms force the author into responses that are inadequate) and without the guarantee of funding in some form (so it is a lottery of sorts). It would be far better if projects that were thought to have merit were lodged by Council with the appropriate state governments and the federal government so that funding was debated and hopefully secured. Once funding is secured it is important that these projects be managed in a partnership fashion with a view to minimising government overhead costs.

It is also true that in many cases volunteer time, costed at \$15 per hour, would exceed the cost of funds received. Add to this the risk of failure and one can see there is a real disincentive to apply in the first place.

#### Reporting requirements

The Commissions' draft report states on page 11.17:

Questions have also been raised about the effectiveness of NFP reporting. The Queensland Auditor-General (2007, p. 8), in commenting on government funding of NFPs in general, noted the emphasis on compliance rather than accountability. **This was crystallised by a statement by a community resource officer who, when asked by the auditor what they did with an NFP's annual report, responded 'I just file it'.**

The Association complies with the requirements of the NSW Office of Fair Trading and Randwick City Council. We have no idea what they do with the information we provide. On one occasion a trivial rule change was ruled out by the Office of Fair Trading because the then Secretary sent out an AGM notice 20 days before the meeting and not 21 days as was required. There were approximately 10 people at the AGM in question out of a possible 700 and the rule addition was to allow past staff and Committee to pay an annual club fee of \$2.00 instead of \$25. No end of telephone conversation would convince the staff at the Office of Fair Trading to accept the change. So, we got our amended rules and cheque back. We changed the fee policy instead and the change went in. This shows the level of petty bureaucracy that drives NFP administrator's crazy. The Association's administrators were also "driven crazy" by the Australian Bureau of Statistics. The Association was "selected at random" and forced to fill out quarterly reports. They would never tell us what the data was for. They refused our MYOB reports and annual accounts and wanted us to transcribe data at no cost to them. In the end we just sent our best estimates. This was totally acceptable and once we complied and sent the reports in **(even while telling them we were sending estimates, yes we told them)** they were happy, amazing. It would have cost our Association an extra \$400 a month in paid worker time to comply. We could not afford this at that time. We never were advised of the outcomes so we assume they too "just filed it", or that our data was rolled up into some "meta-analysis" or some such thing.

#### Drivers of change

The Commissions' draft report states on page 13.30:

### **13.4 Drivers of change**

After 14 years of inquires relating to the sector, little has changed, and many recommendations remain valid today. This study and

previous ones, including the 2008 Senate Inquiry, have established that there is a need to put NFPs on a sound regulatory footing, and provide a level of support that is consistent with that available to the business sector and the spillovers generated by the sector activities.

The Association is not heartened by the above. In the case of Randwick City Council there have been two previous documents relating to the management of Heffron Park. These were authored in 1997 and 1998. We now have a new comprehensive plan but we are still no closer to getting concrete poured than in 1997. We seek the Commission's assistance in this matter. Please inquire on our behalf. If you do not, then there has been little point in the Association contributing to the Commissions' report.

Please feel free to contact the author in need.

Paul Cooper