



24 November 2009

Mr Robert Fitzgerald  
C/- Ms Tracey Horsfall  
Contribution of the Not for Profit Sector  
Productivity Commission  
GPO Box 1428  
CANBERRA CITY ACT 2601

**Re: Submission to the Productivity Commission Study into the Contribution of the Not for Profit Sector**

Dear Mr Fitzgerald

Thank you for the opportunity to contribute to the Productivity Commission's (the Commission's) Study into the Contribution of the Not-for-Profit (NFP) Sector. Surf Life Saving, represented by Surf Life Saving Australia (SLSA) welcomes the Commission's research and supports the majority of the draft recommendations.

This letter outlines the key impacts of the draft recommendations on Surf Life Saving and provides a response to the Commission on a number of the key issues most relevant for SLSA. Appendix A details Surf Life Saving's response to each of the Commission's draft recommendations.

**Overview of Surf Life Saving in Australia**

SLSA is the peak national body representing Surf Life Saving organisations around Australia. It is representative of State and Territory Surf Life Saving Centres that operate in every jurisdiction around the country (excluding the ACT). SLSA represents:

- Surf Life Saving Australia (national governing body)
- 7 State and Territory Surf Life Saving organisations;
- 17 Surf Life Saving branches in New South Wales and Queensland;
- 307 Surf Life Saving Clubs across Australia;
- Helicopter Rescue Services subsidiary companies;
- Surf Life Saving Foundation (national fundraising body);
- Australian Lifesaving Academy (lifesaver and community training);
- 150,000 Surf Life Saving members; and
- Over 500,000 registered supporters of the Surf Life Saving movement.

SLSA is the nation's peak body for coastal public safety, surf rescue, lifesaver training and lifesaving sport. Through the Australian Lifeguard Service, SLSA is also the country's largest provider of contracted beach safety and rescue services.

With a growing focus on our coastal lifestyle Surf Life Saving has grown and changed to meet the community's needs. In addition to providing beach patrols, Surf Life Saving is an emergency service, a youth development organisation, a community education organisation, a sporting organisation, and is also involved in research & development, tourism and event management. In order to provide these services Surf Life Saving organisations have traditionally drawn financial support from three sources: government funding (through grants and funding agreements), corporate sponsorships and community fundraising. Australian Government funding currently comprises one third of SLSA's (national body) revenue with

**WHATEVER IT TAKES**

**WHAT'S IT TAKE TO KEEP AN EYE ON OUR COASTLINE?**

*A lot of watchful eyes. On the beach. In the water. In the air.*

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funding for Surf Life Saving's water safety programs funded through a triennial funding agreement via the Department of Health and Ageing. This funding is supplemented from time to time with various grant programs administered by different agencies for specific government programs and initiatives. An example of this is the grant provided by the Department of Environment, Water, Heritage and the Arts for the installation of water tanks or other water saving devices at Surf Life Saving Clubs.

With this mix of funding types, a focus on non-recurrent funding, and regulatory requirements that currently impact on our organisation that operates nationally across seven jurisdictions, there is uncertainty in the planning and delivery of Surf Life Saving programs. This uncertainty proves a significant challenge for Surf Life Saving in satisfying the increasing demand for our water safety and associated services.

### **A future vision for Surf Life Saving in Australia**

On consideration of the draft recommendations, Surf Life Saving has identified a future vision for Surf Life Saving services in Australia, which includes the following key outcomes:

- An organisation that continues to be volunteer led, with the provision of sufficient incentives and support for volunteer participation and development;
- A federal structure featuring responsive community-based clubs, state organisations and a single national body – with changes to the regulatory environment to simplify the reporting, funding and regulatory requirements associated with operating at multiple levels in multiple jurisdictions;
- More favourable funding arrangements and tax for concessions for Surf Life Saving which reflect the achievement of community outcomes and the public interest;
- A national reporting framework that engages harmonisation across and within States and Territories and allows for Surf Life Saving to make use of a single, national reporting channel for financial, outcomes and fundraising reporting requirements;
- Planned and simplified government funding arrangements that allow for transparent and extended service planning with appropriate compliance requirements. As an example, Surf Life Saving aim for one funding agreement with the Australian Government to provide all required outcomes, and a standardised reporting template; and
- Enhanced use of the expertise within the Surf Life Saving movement to facilitate innovation and research into water safety to improve the safety and wellbeing of all Australia.

These key outcomes will lead to more sustainable Surf Life Saving services, which will decrease the administrative burden on organisations, improve productivity and future financial viability, which, in turn, will lead to greater sustainable volunteer led services, providing a significant benefit to the community.

Our view is that the Commission's draft recommendations, taken collectively, provide an opportunity to enable Surf Life Saving to drive this future vision for Surf Life Saving in Australia.

### **Response to the Commission's Draft Report**

Given our future vision we strongly support the adoption of the following draft recommendations and broadly support the remaining draft recommendations:

- A new national one stop shop to consolidate Commonwealth regulatory oversight (Rec 6.4);
- Improving fundraising legislation and reporting requirements (Rec 6.2 and 6.3);

- Promoting national data systems on the NFP sector (Rec 5.1);
- Building a better evidence base for social policy through the adoption of a common evaluation framework (Rec 5.2 and 5.3);
- Promoting social innovation (Rec 9.1 and 9.2);
- Supporting capacity to encourage philanthropy and giving (Rec 7.3);
- Providing clarity over funding obligations (Rec 11.1, 11.2 and 11.3);
- Ensuring appropriate independence and minimal compliance burden (Rec 11.4);
- Appropriate models of engagement for NFPs (Rec 12.1, 12.2, 12.3 and 12.4);
- Improving purchaser provider processes (Rec 12.5 and 12.7);
- Improving management and appropriate sharing of risk (Rec 12.6); and
- Government support for volunteer workforce development (Rec 10.1).

However, it is critical to understand that Surf Life Saving support these recommendations as a suite of changes to the current regulatory environment – the recommendations interrelate with one another and choosing a sub-set of recommendations for implementation would not be supported by Surf Life Saving. Further, there are some areas of the report where Surf Life Saving has identified issues worthy of further consideration by the Commission:

- A number of the draft recommendations lean towards the needs of the human services sector. Surf Life Saving propose that the Commission explicitly consider the impacts of draft recommendations on all areas of the NFP sector, including Surf Life Saving organisations;
- Some of the draft recommendations appear to imply a 'one size fits all' approach to changes in the regulatory environment. Surf Life Saving propose that the Commission consider the impacts on organisations like ours that operate across all levels (nationally, in states and territories, and at a local level at surf clubs). Further, there should be flexibility within the draft recommendations to encourage organisations to structure themselves in a way that is most appropriate and will provide an incentive to continuously improve the quality of services provided;
- The Commission presents a large number of draft recommendations that engage Surf Life Saving's strong support. However, to ensure that the Commission's recommendations are seen through to implementation, Surf Life Saving propose future efforts are concentrated through the Council of Australian Governments (COAG) in order to ensure collaborative action between jurisdictions. This effort should be in addition to the creation of the Office for NFP Sector Engagement recommended by the Commission.

Given the significance of the Henry Review into Australia's Future Tax System, Surf Life Saving propose that the Commission consider some of the recommendations (for example, Rec 7.3) in light of the Review's outcomes.

Should you require any further information about the information contained in this submission, please don't hesitate to contact me on (02) 9300 4002 or by email [bwilliamson@slsa.asn.au](mailto:bwilliamson@slsa.asn.au).

Yours sincerely



Brett Williamson OAM  
Chief Executive Officer  
Surf Live Saving Australia

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Appendix A – Likely impacts and responses

## Appendix A - Productivity Commission draft recommendations – Contribution of the not-for-profit sector

### Impact and response

The table below outlines the likely impact and response from Surf Life Saving (SLS) to each of the Productivity Commission's draft recommendations categorised into the key themes in the *Summary of Recommendations* of the draft report.

Recommendation	Details of impact	SLSA response
<p><b>Smarter regulation of the NFP sector</b></p> <p><b>6.4: A new national one stop shop to consolidate Commonwealth regulatory oversight</b></p> <p>Establishment of a national Registrar to:</p> <ul style="list-style-type: none"> <li>consolidate Commonwealth regulation for incorporation of NFP associations and companies;</li> <li>register and endorse tax status;</li> <li>register national fundraising organisations; and</li> <li>provide a single portal for corporate and financial reporting.</li> </ul>	<p>Harmonisation of disparate state-based regulatory functions into a national one-stop shop would likely lead to benefits for SLS, including:</p> <ul style="list-style-type: none"> <li>reduction in costs of compliance with different state-based regulatory frameworks;</li> <li>efficiency improvements - where centralisation of administration can work to reduce duplication of tasks; and</li> <li>potential for greater consistency of standards and service delivery systems.</li> </ul> <p>However, the recommendations do not contain sufficient detail to fully understand the impact of these regulatory changes on SLS. For example, currently there is no legislative underpinning of SLS as national body for setting policies, standards and training for white water safety and rescue services. Some states classify SLS as an emergency service provider, and some as a sporting organisation. The draft recommendations do not address this problem in sufficient detail.</p> <p>Some SLS clubs are very small organisations, with processes and structures that may be unable to support new reporting and administration requirements. Care should be taken to ensure that only essential requirements are imposed, and that any new requirements are imposed in a manner which is sensitive to the role and abilities of small community organisations. SLS are best placed to determine how best to achieve this within the broader organisation.</p>	<ul style="list-style-type: none"> <li>SLSA supports regulation of the sector to the extent that it contributes to building and maintaining trust, and promotes higher standards of service care and public safety. Inconsistent regulation across different jurisdictions can add complexity and costs, reducing community benefits.</li> <li>SLSA strongly supports streamlining of the current framework which features multiple reporting requirements, multiple deadlines and multiple agencies.</li> <li>Reporting thresholds may be appropriately determined based on multiple criteria, including the level of funding provided, the size of the NFP, and the level of risk involved.</li> <li>The benefits of the new system will be maximised where compliance and reporting requirements are sensitive to these factors. For example, only essential requirements should be imposed on small, low-risk, simple entities. More comprehensive reporting may be appropriate for larger, riskier organisations, and these organisations should be sophisticated enough to meet the requirements.</li> <li>More detail is required to understand the full impact of these changes on SLS.</li> </ul>

Recommendation	Details of impact	SLSA response
<p><b>7.1 and 7.2: Simplifying processes for and improving effectiveness of tax endorsement</b></p> <p>Endorsement of tax concession status at the Commonwealth level based on a specified criteria and a statutory definition. Further, to widen the scope of gift deductibility to include charitable institutions and funds.</p>	<p>Tax endorsement reforms may have an impact on SLS depending on:</p> <ul style="list-style-type: none"> <li>• What definition of 'charitable purpose' is adopted;</li> <li>• Whether there would be opportunities to automatically confer tax concession/charity status on SLSA (national body) and all its affiliated entities (Clubs, State Centres, subsidiaries, etc); and</li> <li>• How State and Local Government taxes and levies are addressed.</li> </ul> <p>Notwithstanding these detailed issues, in practice the impact of these reforms may not be significant, since SLS and associated organisations already have tax concessions for GST, FBT and Income Tax and Deductible Gift Recipient status.</p>	<ul style="list-style-type: none"> <li>• Broad support for tax concessions to be endorsed by the proposed Commonwealth registrar.</li> <li>• Strong support for recognition of tax concession status by all levels of government.</li> </ul>
<p><b>6.2 and 6.3: Improving fundraising legislation and reporting requirements</b></p> <p>Through COAG, fast-tracking harmonisation of inconsistent state and territory fundraising rules as a first step towards establishment of a national fundraising Act. This includes introduction of a Standard Chart of Accounts and the adoption of a statutory definition of 'charitable purposes' in line with the 2001 Inquiry definition.</p>	<p>A nationally consistent approach to regulating fundraising may lead to a reduction in current costs of compliance for SLS. Currently, SLS incurs costs associated with compliance with a range of frameworks, including:</p> <ul style="list-style-type: none"> <li>• Commonwealth legislation;</li> <li>• Seven different State and Territory-based regulatory frameworks, which vary in terms of the definition of fundraising, reporting requirements, registration requirements and exemptions; and</li> <li>• Local government regulation of the use of public places.</li> </ul> <p>The Commission's draft recommendation that governments proceed to a nationally consistent approach in a staged manner is likely to mean benefits of this reform will be achieved incrementally over the long-term. Importantly for the Surf Life Saving Foundation (SLSF), national harmonisation would certainly facilitate the ability to conduct national fundraising campaigns more efficiently. Efficiency improvements may be possible where duplication of compliance tasks is removed.</p>	<ul style="list-style-type: none"> <li>• Strong support for a national approach to fundraising regulation and a national registrar.</li> <li>• Support for intermediate steps (harmonisation and mutual recognition), subject to commitments to action by the States and Territories and progress through COAG.</li> <li>• SLSA considers that it fits within the definition put forward in the 2001 Review, and would strongly support adoption of a statutory definition.</li> </ul>

Recommendation	Details of impact	SLSA response
<p><b>6.1: New legal forms to improve options for NFPs</b></p> <p>Establishment of a Commonwealth Associations Incorporation regime and reporting requirements commensurate with size and complexity of NFP.</p>	<p>This draft recommendation considers those organisations that operate across jurisdictions, but wish to be incorporated at the Commonwealth level. However, SLS operates on a number of levels – a national body, state and territory bodies and local clubs, and does not appear to be considered under the draft recommendation.</p> <p>The key to removing red tape across legal forms and jurisdictions may be to seek commonality and consistency across legal forms and across jurisdictions. However, a 'one-size fits all' approach has a range of challenges. Any new legal form created should be optional, and should only be pursued where there are efficiencies in doing so. Legal form should not become a prerequisite of any regulatory or funding requirements.</p>	<ul style="list-style-type: none"> <li>• Consider the draft recommendation for NFPs that are incorporated in a number of jurisdictions and nationally, like SLS.</li> <li>• Aid the ability to migrate between legal forms and jurisdictions through creation of an optional new legal form, that organisations can avail themselves of where appropriate.</li> <li>• SLSA supports the opportunity to move towards a legal form such that one registration would be required for the whole organisation.</li> </ul>

Recommendation	Details of impact	SLSA response
<p><b>Building knowledge systems</b></p> <p><b>5.1: Promoting national data systems on the NFP sector</b></p> <p>Development of an 'Information Development Plan' for a proposed national databank of all information required to assess the contribution of the sector over time.</p>	<p>SLSA already collects national data on services and reports on a range of indicators which are relevant for measuring the organisation's economic contribution, such as:</p> <ul style="list-style-type: none"> <li>• Number of members, qualified lifesavers and competitors in events;</li> <li>• Number of patrol hours;</li> <li>• Expenditure of surf life saving clubs and governing bodies; and</li> <li>• Number of rescues, first aid treatments and preventative actions.</li> </ul> <p>The extent and quality of SLS data collection has been of focus for SLSA in recent years.</p> <p>Ensuring the appropriate data is gathered may assist SLS and the wider not-for-profit sector in articulating the contribution of the NFP sector. This may have benefits for improving funding arrangements, fundraising activities and service outputs and outcomes.</p> <p>However, this recommendation also applies a 'one-size fits all' approach to data management, which will have a range of challenges. Given the uniqueness of the SLS, in particular the dual role the organisation plays as a club, an emergency service, an educator, a youth organisation and a sporting organisation, care should be taken to ensure that data collected is compared with that of other NFPs in an appropriate manner.</p>	<p>Strong support for a sector-wide move towards appropriate data collection and analysis.</p> <ul style="list-style-type: none"> <li>• SLS is a good example of recent improved data collection systems.</li> <li>• The significant differences that exist in the NFP sector should be considered in the development of the Information Development Plan, and in particular when advising on methods of collection, classification, categorisation and analysis of data. For example, the SLS member database has unique attributes which may not be directly comparable with many NFPs in the human services sector.</li> </ul>

Recommendation	Details of impact	SLSA response
<p><b>5.2 and 5.3: Building a better evidence base for social policy:</b></p> <ul style="list-style-type: none"> <li>• Adoption of a common framework for measuring and evaluating the contribution of NFPs.</li> <li>• Development of (government-funded) reporting and evaluation processes in line with the framework.</li> </ul>	<p>Impacts of this recommendation will depend on the extent to which existing reporting frameworks meet proposed new requirements. Key components of the Commission's draft framework are addressed in SLSA's 2005 report 'Valuing an Australian Icon'. Since SLSA is already measuring its contribution, there will be minimal adverse impacts associated with this proposed new focus.</p> <p>The idea of common principles by which all NFP organisations should be benchmarked against would benefit SLSA as follows:</p> <ul style="list-style-type: none"> <li>• It would provide a true comparability to other NFP organisations and therefore provide stakeholders a better measure of the organisation's value. For example, the government in determining grant allocations would be able to compare SLS's contribution and provide funding that rewards such 'performance'.</li> <li>• SLSA would have source data which can be utilised as a basis through which it can conduct collaborative efforts with other similar organisations. These may not necessarily be the same in nature, but show evidence of similar values and contributions to the community as determined by the core measures developed.</li> </ul> <p>The current evaluation and reporting requirements appear out of date and do not provide a true measure of the contributions, as identified by the Commission's paper. The idea of building an evidence base for social policy needs to build on a framework of core principles and measures, which are then aligned to the reporting requirements.</p> <p>This would provide enhanced evaluation and standardisation mechanisms as well as further assist with public accountability measures.</p> <p>There is uncertainty, however, as to whether this framework will be explicitly used to determine appropriate funding levels (based on contribution to the community). Further detail is required in order to understand how evaluation of contribution would link to funding arrangements.</p>	<ul style="list-style-type: none"> <li>• Strong support for establishment of a standardised framework for measurement of the contribution of NFPs.</li> <li>• SLSA is already measuring this impact and has used a framework which is consistent with the Commission's proposal.</li> <li>• SLSA strongly supports minimising the compliance costs of reporting and evaluation requirements, in particular, the principle of 'report once, use often'. Government funding for reporting and evaluation processes themselves would be advantageous for SLS and allow for the quality of reporting and data to be increased.</li> </ul>
<p><b>5.4: Promoting dissemination of evidence on effectiveness of social programs</b></p> <p>Establishment of a Centre for Community Service Effectiveness to gather information and report on NFPs effectiveness in delivering government-funded community services.</p>	<p>In general, all efforts to align resource allocation with effective service delivery and the economic and social contribution of NFPs will be advantageous for SLS and the wider sector.</p>	<ul style="list-style-type: none"> <li>• Broad support for efforts to improve evaluation and reporting effectiveness in the NFP sector.</li> </ul>



Recommendation	Details of impact	SLSA response
<p><b>Sector development</b></p> <p><b>7.4: Supporting capacity to access capital</b> Establishment of a working party to explore options to enhance NFP access to capital</p>	<p>Efforts to facilitate greater access to capital may assist SLS in updating facilities and technology, and enhancing state of the art lifesaving equipment and rescue gear.</p> <p>Providing the necessary and most appropriate rescue equipment available is currently a financial pressure on the organisation and enhancing access to capital will enhance future technology improvements.</p>	<ul style="list-style-type: none"> <li>Strong support for detailed examination of options to enhance NFP access to capital for key investments.</li> <li>SLSA would be interested in supporting the exploration of options and participating in the working party.</li> </ul>
<p><b>7.3: Supporting capacity to encourage philanthropy and giving</b> Exploring options to promote planned giving (such as payroll giving and bequests), and expanding Deductible Gift Receipt (DGR) status in line with the adopted definition.</p>	<p>Fundraising revenue is heavily relied upon by SLS.</p> <p>The tax benefits of giving remain relatively less known within the community. Public awareness and knowledge in this area needs to be encouraged. Restrictions over deductible gift recipient status also need to be revisited.</p> <p>The above would enable a more knowledgeable public to take part in fundraising activities of organisations such as SLS.</p> <p>Promotion and support of planned giving, such as payroll giving and bequests, is likely to have a positive impact on NFP sector fundraising, with benefits for SLS in line with the organisation's share of total giving. Currently unsolicited bequests make up just a small proportion of total fundraising and donation revenues of SLS organisations.</p> <p>Payroll giving may also be a key new opportunity for SLS, and may be compatible with the current 'Guardian of the Surf' (regular donor) program.</p> <p>Improved revenue from fundraising will allow the organisation greater financial independence, sustainability and autonomy.</p> <p>However, this draft recommendation will need to be considered (and perhaps revised) in line with the recommendations of the Henry Review, especially the impacts of simplified tax returns that may not require receipts for donations, possibly reducing the motivation for individuals to donate to NFP organisations.</p>	<ul style="list-style-type: none"> <li>Strong support for the potential options tabled to promote and support planned giving.</li> <li>With regard to the Henry Review, SLS notes that there may be significant concerns for the NFP sector if tax incentives for individuals to engage in charitable giving are removed or reduced.</li> </ul>

Recommendation	Details of impact	SLSA response
<p><b>9.3 and 10.4: Building sector capabilities in evaluation and governance</b></p> <p>Development of programs to improve ability to undertake evaluations, financial support for governance training for NFP Boards and management teams, provision of business support services where required.</p>	<p>The skills and knowledge base in the NFP remains disadvantaged due to the lack of clear, simple reporting and governance frameworks, noted earlier, as well as the inability to competitively attract a skilled workforce who are paid more in the for-profit sectors to perform similar roles.</p> <p>A structured yet simple governance framework geared to enable management to better meet increasing public, government and donor requirements would provide significant benefits. Further, improvement of governance and management capabilities, and evaluation abilities, will operationally benefit SLS in the long-term.</p> <p>Improvements in organisational effectiveness can work to enhance the accountability and public confidence in the organisation</p> <p>Specific impacts will depend on the type of government support which may become available to SLS, i.e. management/governance training / business support services / funding etc.</p>	<ul style="list-style-type: none"> <li>Broad support for efforts to improve the governance and self-evaluation capabilities of the sector, SLS included.</li> <li>Strong support for financial assistance for governance training</li> </ul>
<p><b>10.2 and 10.3: Government support for paid workforce development</b></p> <p>Indexed base funding for Government services delivered through NFPs and long-term workforce planning.</p>	<p>SLS organisations employ a volunteer and paid workforce.</p> <p>The Government's funding structures, and any proposed reform of the tax and reporting frameworks need to address this so as to create a better parity with the for-profit sector in allowing organisations such SLSA to recruit and retain skilled resources.</p> <p>The impacts of this proposal on SLS will depend on what funding is provided for SLS services, including lifesaving, training and education and sporting operations in the future. The majority of lifesaving services are provided by volunteers.</p>	<ul style="list-style-type: none"> <li>SLS provides a range of services which have significant community benefits</li> <li>Many SLS services are provided by volunteers</li> <li>Where the government is purchasing services that are not provided by volunteers, such as lifeguard services, full support for relevant staff should be funded.</li> </ul>

Recommendation	Details of impact	SLSA response
<p><b>10.1: Government support for volunteer workforce development</b></p> <p>Streamlining of vetting and checking requirements for volunteers that are portable across jurisdictions.</p>	<p>Efforts to reduce the costs associated with volunteer labour would have significant benefits for SLS, including streamlining vetting requirements and police checks and making these checks portable across jurisdictions.</p> <p>However, the recommendations fail to address some of the key volunteer-related issues for SLS (and NFPs where volunteers are performing duties) in some jurisdictions. These issues centre around legal protection of lifesavers undertaking duties, and the feasibility of:</p> <ul style="list-style-type: none"> <li>• Meeting the Occupational Health and Safety obligations associated with volunteers; and</li> <li>• Securing affordable insurance protection for volunteer lifesavers and SLS organisations.</li> </ul> <p>SLS relies heavily on volunteers to provide core services. In 2008/09, volunteer surf life savers performed over 10,000 rescues, 208,865 preventative services and provided care in 21,844 emergencies. Further, in 2008/09, around 43,000 members undertook active patrolling duties, or 8% more than in 2007/08.</p> <p>In many jurisdictions, SLS's active volunteer members have only common law protection should an injury to a member of the public occur whilst lifesavers are undertaking their duties. While some jurisdictions have moved to increase protection for volunteers undertaking community work, for example the <i>QLD personal injuries Proceedings Act 2002 and the NSW Civil Liability Act 2002</i>, many jurisdictions still only provide limited and varied protection, for example SA's volunteers are covered under Workcover.</p> <p>The inconsistency between states will continue to have an adverse effect on SLS's ability to recruit sufficient members to undertake active duties.</p>	<p><b>SLSA response</b></p> <ul style="list-style-type: none"> <li>• Strong support for reducing the costs and supporting volunteer workforce development</li> <li>• There are a wide range of ways that the volunteer workforce could be supported – streamlining of vetting and checking requirements is but one small option.</li> <li>• Other key issues preventing more effective use of volunteers include difficulties meeting OHS obligations and insurance protection in all jurisdictions, both of which currently vary markedly across jurisdictions.</li> </ul>

Recommendation	Details of impact	SLSA response
<p><b>Stimulating social investment</b></p> <p><b>9.1 and 9.2: Promoting social innovation</b> Exploration of options to promote and support social innovation, such as funds and research centres.</p>	<p>Greater levels of funding for research and development may create opportunities in terms of SLS research and development efforts in aquatic safety.</p>	<ul style="list-style-type: none"> <li>Strong support for review of options to promote and support research and development in the NFP sector.</li> </ul>

Recommendation	Details of impact	SLSA response
<p><b>Improving the effectiveness of direct government funding</b></p> <p><b>11.1, 11.2 and 11.3: Providing clarity over funding obligations</b></p> <p>Governments to be more explicit in their determination of the level of funding to be provided. Governments to fully fund those services and activities that they would otherwise provide directly, in consideration of whether the activity is essential. Governments to provide compensation where changes in government policy lead to increased costs for service providers.</p>	<p>It is an ongoing challenge for SLS organisations to secure future funding especially with factors such as:</p> <ul style="list-style-type: none"> <li>The growing expectations of the community;</li> <li>Increasing demands on activities;</li> <li>Implications of retaining and growing a volunteer workforce in a global financial crisis; and;</li> <li>Increased demand of SLS youth (nipper) programs causing increased strain on the clubs.</li> </ul> <p>As a result, longer term strategic funding arrangements are clearly critical to SLS organisations.</p> <p>Greater clarity around the extent of funding has the potential to lead to reduced financial complexity for SLS.</p> <p>From a financial reporting perspective, SLS organisations will come under increasing scrutiny based on current Accounting Standards whereby the concept of operating as a Going Concern remains the same assessment for a NFP as it does for a for-profit organisation.</p> <p>Without longer term funding arrangements, the ability to forecast operational and financial needs and therefore meet the requirements of the Going Concern assessment, for example, become more difficult.</p> <p>Recommendations for full funding of services which are considered essential have the potential to lead to increased funding opportunities, to the extent that there is greater government recognition of:</p> <ul style="list-style-type: none"> <li>the social and economic contribution of SLS / and the provision of a service which is 'essential' / has a 'significant community benefit';</li> <li>the rising demand for life saving services in communities;</li> <li>the full costs of providing key services to the community; and</li> <li>the escalation of the costs of service provision over time.</li> </ul>	<p>Strong support for clarity over funding intent.</p> <ul style="list-style-type: none"> <li>Grant making processes do not encompass the full force of the activities that SLS provides to the community. The broader community benefits noted within the SLSA 2005 'Valuing an Australian Icon' report included tangible impacts on individuals participating in volunteer surf lifesaving activities and the existence and operation of SLSA affecting the social factors throughout the wider community. Government grants should be calculated with regard to these benefits.</li> <li>Funding should be allocated on the basis of evaluated community contribution.</li> <li>SLS considers that it provides an essential community service with clear and measurable positive outcomes.</li> <li>Funding should be escalated over time in line with demand and real cost increases.</li> <li>More detail is required around the use of a standard formula and the simplification of funding agreements.</li> <li>Funding should be provided over longer term/rolling contracts.</li> <li>The revised regulatory framework being proposed could also consider implications for the current regulatory standards (including Accounting Standards) so as to include better measurements for assessing NFPs on areas such as Going Concern.</li> </ul>

Recommendation	Details of impact	SLSA response
	<p>Compensation for the costs of policy change would assist NFPs with any changes.</p> <p>Uncertainty (and further details) remains around a number of key areas such as:</p> <ul style="list-style-type: none"> <li>• Use of a standard formula for determining appropriate funding levels;</li> <li>• Ensuring the length of contracts reflects that appropriate for efficient achievement of outcomes;</li> <li>• Escalating funding over time to reflect rising costs of service provision; and</li> <li>• Simplification and standardisation of funding agreements.</li> </ul> <p>It is important to understand the magnitude of reporting requirements across SLS organisations – at present estimated at approximately \$2 million per year, which could be better spent on providing important community services.</p>	
<p><b>11.4: Ensuring appropriate independence and minimal compliance burden</b></p> <p>Compliance requirements associated with grant funding should be proportionate to the scale of program and risk involved, and should not inhibit NFP autonomy.</p>	<p>Reduced compliance burdens associated with grant funding would likely yield efficiency improvements for the organisation. Where the compliance burden is minimised, SLS may be afforded greater independence and autonomy outside of key reporting requirements to focus on achieving outcomes in terms of the quality and quantity of rescue, training and safety services.</p> <p>However, there is some uncertainty in the draft recommendations around the extent to which reporting requirements will be simplified and what the new compliance requirements will look like.</p>	<ul style="list-style-type: none"> <li>• Strong support for a simplified focus on compliance burden, which will lead to a focus on outcomes in terms of quality and quantity of services.</li> <li>• Strong support for consolidation of contracting and reporting in line with the 'report once, use often' principle. For example working towards the use of a single contract for multiple agencies and multiple outcomes could lead to reduced administration costs for both government and NFPs.</li> </ul>

Recommendation	Details of impact	SLSA response
<p><b>Removing impediments to better value government funded services</b></p> <p><b>12.1, 12.2, 12.3 and 12.4: Appropriate models of engagement for NFPs</b></p> <p>Governments to match the model for engagement with the NFP and the service provided, particularly in the delivery of human services.</p> <p>Governments to engage on the basis of achieving best value for money for the community, including acknowledgement of any spillover benefits created.</p>	<p>These recommendations focus very much on the delivery of human and community services in communities, and improving service agreements with such providers. They focus on payments for the procurement of the delivery of a service by an NFP, and what can be termed 'operational' grants that explicitly cover some or all of the ongoing cost of delivering a service that the government has committed to fund.</p> <p>These distinctions mean that recommendations 12.1 – 12.6 may be only partly relevant for the SLS. However, both sport and emergency service providers are explicitly noted within the Commission's discussion.</p> <p>To the extent that the recommendations and principles therein may be applicable to SLS, they are detailed below.</p> <p>Selecting the appropriate model for engagement may create opportunities for new grant and contract structures.</p> <p>In particular, the opportunity to engage in longer-term / extended life / rolling funding arrangements would be a key benefit for SLS, given the issues cited in the past associated with high variability in funding from year to year for the organisation.</p> <p>To the extent that funding is provided in line with a 'value-for-money' assessment, there may be more sustainable funding opportunities for SLS services, which have significant community benefits. Reasons for this have previously been presented to the Government and include:</p> <ul style="list-style-type: none"> <li>• The estimated value of lives saved and injuries prevented was, in 2005, valued in the order of \$1.4 billion annually;</li> <li>• The contribution of SLS and affiliates is diverse – reaching all coastal states and Territories, both metropolitan and regional areas, and people from all walks of life.</li> <li>• Lifesavers and lifesaving activities have a range of important social spillovers that affect the wider community.</li> </ul>	<ul style="list-style-type: none"> <li>• Whilst the focus of these recommendations may not be directed at NFPs such as SLS, many of the principles are relevant given the unique contribution that SLS makes to the community</li> <li>• It may be appropriate for the Commission to consider the full breadth of NFPs when discussing appropriate models of engagement.</li> <li>• Matching model for engagement with NFP, the market and the service provided is relevant for the SLS and would have the support of SLSA.</li> <li>• Similarly, applying a 'value-for-money' assessment would provide effective incentives for NFPs, and would also be strongly supported by SLSA.</li> </ul>

Recommendation	Details of impact	SLSA response
<p><b>12.5 and 12.7: Improving purchaser-provider processes</b></p> <p>Governments to determine appropriate funding arrangements on a case-by-case basis, and to ensure each service agreement reflects the period required to achieve agreed outcomes. Further, governments to review and streamline tendering and reporting requirements.</p>	<p>Improving the appropriateness of government funding and engagement with SLS could have a range of benefits. In particular, ensuring the length and form of funding arrangements reflect that required to achieve agreed outcomes may have a number of benefits for SLS. Specifically, the ability to form long-term and/or rolling agreements would facilitate:</p> <ul style="list-style-type: none"> <li>• ability to manage cash flows and manage fluctuations caused by ad hoc special purpose grants;</li> <li>• reduced costs of reviewing short-term agreements and reapplications/negotiations for funding;</li> <li>• better planning timeframes;</li> <li>• opportunities to drive efficiency improvements over the long term;</li> <li>• opportunities for innovation; and</li> <li>• greater flexibility in decision making.</li> </ul>	<p>Strong support for efforts to ensure the length of service agreements is consistent with:</p> <ul style="list-style-type: none"> <li>- the period required to achieve agreed outcomes</li> <li>- the goal of developing effective and innovative long-term solutions to complex problems</li> <li>- timeframes required to conduct appropriate mid- to long-term planning</li> <li>- value for money.</li> </ul>
<p><b>12.6: Improving management and appropriate sharing of risk</b></p> <p>Preparation of explicit risk management frameworks as a part of contracting processes with service providers.</p>	<p>Explicit risk management frameworks developed may impact on SLS to the extent that they:</p> <ul style="list-style-type: none"> <li>• Impose additional requirements on the organisation</li> <li>• Allocate further risk to SLS organisations or its members</li> </ul> <p>Robust risk management processes are being embedded in SLS. For example, the SLS Australian Council is supported by a number of boards and committees which each play an important part in the organisation's corporate governance and risk management. In March 2009, it was determined that major operational boards and committees would list 'strategic risk management' as a standing agenda item for each meeting. In addition, the Board of Management has carried out a preliminary review of strategic risks and a draft risk management strategy is at an advanced stage. The draft strategy is likely to address risk within five broad categories – reputation, financial, people, knowledge and environment.</p>	<p>Strong support for industry-wide efforts towards better risk management and corporate governance practices.</p>



Recommendation	Details of impact	SLSA response
<p><b>13.1 and 13.2: Building mechanisms for effective working relationships</b></p> <p>'Compacts' between government and NFPs must be supported by appropriate project management tools. Establishment of an Office for NFP Sector Engagement within the Prime Minister and Cabinet portfolio to:</p> <ul style="list-style-type: none"> <li>• Drive the reform agenda</li> <li>• Oversee implementation of the proposed Commonwealth Compact</li> <li>• Drive review of government contracting with the NFP sector</li> </ul>	<p>In general, efforts to facilitate better working relationships, and collaborative 'partnerships' may have long term benefits for SLS and the broader sector. The Commission makes specific reference to the role of 'Compacts' between the NFP sector and government.</p> <p>Establishment of an Office for NFP Sector Engagement may drive progress on the reforms recommended by the Commission, however it may be more appropriate for efforts to be concentrated through COAG in order to ensure collaborative action between all jurisdictions.</p> <p>Whilst SLS's modes of engagement with private sector and general public are already well-established, efforts in this area may have significant long-term benefits. For example:</p> <ul style="list-style-type: none"> <li>• Greater collaboration and engagement with the private sector in particular may support efforts to grow sponsorship revenue for the SLS; and</li> <li>• Greater engagement with the community may help continue to grow the member base and some streams of fundraising revenue.</li> </ul> <p>The global economic crisis is affecting the NFP sector directly and indirectly. An example of the direct effect is that many in the sector manage their funding through investments and the decreased returns from investments have been very evident.</p> <p>During the 2009 Financial Year, SLS organisations also felt the indirect form of the crisis through the loss of its long standing corporate partners. There is likely to be a flow on effect increasing difficulties in obtaining funding from Government sources due to the impacts of the crisis on the Government.</p> <p>To reduce the effects on the NFP sector in the future, the Commission's proposed regulatory changes to encourage sustainability are necessary and, most importantly, need to move forward to implementation phases as quickly as possible.</p>	<p>Support for improved facilitation of effective working relationships</p> <ul style="list-style-type: none"> <li>• SLSA proposes that the implementation of this recommendation and all other draft recommendations are best implemented through the COAG agenda to ensure collaborative action between all jurisdictions.</li> </ul>