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

24 November 2009

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. Room to Read (RtR) welcomes the Commission's research and supports the majority of the draft recommendations.

Context for this submission

RtR is a global organisation that partners with local communities throughout the developing world to provide quality educational opportunities by establishing libraries, creating local language children's literature, constructing schools, and providing education to girls. We seek to intervene early in the lives of children in the belief that education empowers people to improve socioeconomic conditions for their families, communities, countries and future generations. RtR subscribes to the view that education fosters self-reliance and consequent political stability, and of course educated and literate populations are the future markets for Australian exporters.

Room to Read runs its programs in 7 countries in Asia and 2 in Africa, employing locals in each country to work collaboratively with the local government and other NGOs to identify the communities which are in greatest need of support.

Headquartered in San Francisco but with Regional Offices in Delhi and Pretoria and Development Offices in London and Hong Kong, Room to Read also has an extensive network of volunteer chapters in 42 cities around the world, a network of around 3000 individuals, awareness-raising and fund-raising for the organisation in a volunteer capacity.

The Sydney chapter of Room to Read launched officially in February 2009, having established the Room to Read Australia Foundation. The Room to Read operation in Sydney is run entirely by volunteers and is operated without government funding or support. The organisation has been embraced by Australian communities particularly due to its core values of empowering communities through education, promoting local language literature, and lessening the education gaps between girls and boys.

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Further, it is committed to local delivery methods and a low cost structure that maximises outcomes per dollar donated. For example, since establishment in Australia less than one year ago, RtR has:

- Raised over \$900,000, this being a combination of monies raised at events and donations from foundations, schools and community members
- Generated a database of 70 committed volunteers and a much larger general database of people interested in the organisation
- Organised 6 events, including a Wine Gala for 300, a literary event for 270, a corporate drinks gathering, an AICD-hosted session and a book signing
- Established long-term relationships with a number of corporates and foundations
- Launched a Students Helping Students program, with fundraising successes in a number of schools in Sydney, NSW and beyond

Importantly, our recent establishment in Australia has meant that we have fresh experience navigating the Australian regulatory and legal frameworks which are a key focus of the Draft Report. We feel we can provide valuable insight on some of the key obstacles which prevent NFPs from maximising their contribution.

Key areas supported

RtR supports the adoption of the majority of the Commission's draft recommendations, and in particular the key themes of improving innovation, efficiency and effectiveness in the sector.

Our organisation is strongly supportive of efforts to encourage NFPs to structure themselves in a way that is most appropriate and efficient. We believe that the sector should be supported to continuously improve the quality of services provided to beneficiaries, and the value for Australian communities.

This letter sets out the key recommendations which have the support of RtR, and some additional issues for consideration by the Commission which may lead to improved efficiency in the sector.

Smarter regulation of the NFP sector

Recommendations 6.2 and 6.3 - Harmonisation of existing legislation and reporting requirements would have a range of clear benefits for the sector. For instance, RtR derives 100% of its revenues from fundraising activities. The legal support received from Mallesons Stephen Jaques included the application for the fundraising licence in NSW but as our presence in Australia grows, we need to apply for fundraising licences in other states and territories, a complicated and time-consuming process, particularly as each state has different requirements imposed by a variety of regulatory bodies. The volunteer hours devoted to the application processes could be better used on fundraising and awareness-raising initiatives. It is costly to solicit further legal support. Already Mallesons Stephen Jaques have provided pro bono support in excess of \$40,000 to help RtR navigate the full range of set-up issues.



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.RtR supports efforts to move towards a national system as quickly as possible. The Commission's draft recommendation that governments proceed to a nationally consistent approach in a staged manner (first achieving harmonisation and mutual recognition by all States and Territories) is likely to mean benefits of this reform will be achieved incrementally over the long-term. RtR is strongly supportive of any efforts to expedite the harmonisation process through public commitments to action from State and Territory Government or through the COAG process.

Similarly, Recommendation 6.4 - A new national one stop shop to consolidate Commonwealth regulatory oversight – has the full support of RtR.

Realising funding opportunities for the sector

Recommendations 7.1 and 7.2 - Simplifying processes for and improving effectiveness of tax endorsement – are of particular interest for Room to Read. It would seem most appropriate that tax concession endorsement be supplied through the one-stop shop or proposed Registrar above.

In line with the Commission's key aims of innovation, efficiency and effectiveness in the sector, we believe that recommendations should be developed with a view to encouraging organisations to structure themselves in a way that is most appropriate, is efficient, and encourages NFPs to continuously improve the quality of services provided to beneficiaries, and the value for Australian communities. Further, as many "new" charities are being established at a remarkable rate, thought could be given to encouraging collaboration with existing charities to achieve additional traction and economies of scale. Many newly established charities suffer from a burst of activity and enthusiasm through their start-up process, only to suffer from a lack of resources and inefficient use of donated funds in the following years. A process which allows "new" charities to be aware of existing charities with the same purpose or objects may encourage greater collaboration, leading to a better use of donated funds.

Areas for additional consideration by the Commission

More broadly, a number of the draft recommendations appear to be focused solely on the needs of the Australian human services delivery sector, and often adopt a 'one size fits all' approach to many proposals. Given the wide range of organisations in the sector, it may be appropriate for the Commission to additionally and explicitly consider the impacts on organisations like ours.

We also note that it may be appropriate for the Commission to consider the implications of the Henry Review into Australia's Future Tax System. For example, any recommendations in the Henry review which led to reduction in incentives for taxpayers to engage in charitable giving would have severe implications for RtR and the wider sector.

Should you require any further information about the information contained in this submission, please don't hesitate to contact me on (02) 9949 6416 or jennie.orchard@bigpond.com.

Yours sincerely

Jennie Orchard

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