

Productivity Commission must urge reduction of red tape for non-profits

In its [submission released today](#), PilchConnect calls on the current Productivity Commission [study](#) to recommend urgent reform to the legal framework for the not-for-profit (NFP) sector, focussing on the undue level of red tape that continues to be a barrier to efficiency and innovation.

PilchConnect (itself an NFP that provides free legal assistance for other NFP community organisations), has put forward the following recommendations:

- an improved specialist legal structure for NFPs;
- nationally consistent laws on such matters as fundraising and financial reporting;
- a single, independent, national regulator for the NFP sector;
- development of a NFP-specific accounting standard; and
- a simplified approach to the taxation of NFPs and a modernisation of the definition of a 'charity'.

Sue Woodward, Senior Policy Officer (and former Melbourne University corporate law academic who conducted a [major research project into the regulation of NFPs](#)) says, "Many of these recommendations for reform were endorsed by the [Senate Standing Committee on Economics in December 2008](#) as part of its inquiry into disclosure regimes for NFPs." The federal government is yet to respond to the Senate Committee's recommendations.

Woodward notes: "If this unnecessary complexity and duplication existed in the business sector it would not be tolerated. Corporate law reform over the last decade demonstrates this."

"The need for regulatory reform of the NFP sector is acknowledged both within the sector and from earlier state and federal reviews. We hope the Productivity Commission will recognise this strong desire and need for change, that it will draw together previous recommendations and, most importantly, provide government with a roadmap for immediate reform".

"While the Productivity Commission's study is most welcome, further recommendations without action are meaningless for a sector that has for so long struggled under regulatory red tape. But this is a sector whose health, especially in the current financial climate, is of vital importance to Australia's economic and social well being" says Woodward.

The Productivity Commission is expected to release a draft report in October 2009.

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PilchConnect submission is at: www.pilch.org.au/submissions/

More about PilchConnect at: www.pilchconnect.org.au.

Case studies can be provided on request