

## 14 years later Productivity Commission tries again for not-for-profit change

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PilchConnect today welcomed the release of the much-anticipated draft Productivity Commission report by Commissioner Robert Fitzgerald which signals important new changes for the operation of Australia's large and diverse community sector.

The not-for-profit (NFP) sector currently contributes close to \$43 billion (4.3%) to the country's economy, and touches every Australian in some way – as a recipient and/or as a donor of time or money. The report proposes a number of reforms aimed at simplifying regulation for NFPs in order to maximise the vital contribution these organisations make to Australian society.

"The Commission has comprehensively collated and reviewed empirical evidence about the sector and the report reveals the tremendous growth and impact of the NFP sector over the last 10 years, both in its economic and social contribution to Australia's society. It is now time for the Federal Government to deliver on its promises for reform for the NFP sector" said Liz Morgan, Manager and Principal Lawyer at PilchConnect.

"For too long, small NFPs have been struggling to cope with a regulatory regime that is more complex than for business, despite the fact that many rely almost entirely on volunteers, have limited resources and little capacity to access legal help. The report has picked up on issues of critical importance to public interest NFPs which are essential to the fabric of local communities across Australia. These organisations need to be able to focus less on meeting complex regulatory obligations, and more on the reason they set up in the first place, such as to provide services in marginalised and disadvantaged communities" said Ms Morgan.

The Commission's 32 draft recommendations include:

- ▶ a national Registrar for Community and Charitable Purpose Organisations to regulate all national NFP entities;
- ▶ the establishment of a national legal structure for 'commonwealth incorporated associations';
- ▶ development of nationally consistent fundraising laws and a national fundraising register;
- ▶ adoption of a statutory definition of 'charitable purposes';
- ▶ simplification and national harmonisation of the means by which NFPs can obtain tax endorsement; and
- ▶ establishment of an 'Office for Not-For-Profit Sector Engagement' in the Department of Prime Minister and Cabinet to drive the recommended reforms.

"After numerous inquiries, reports and promises, the sector wants and needs real change and a commitment to tackling systemic regulatory reform. In particular, small and medium sized community organisations that provide vital services such as welfare programs, health services and community engagement opportunities deserve to operate in an environment that is transparent, accessible and supportive" said Ms Morgan.

PilchConnect is a specialist legal service established to provide free legal information, training and advice to NFP community organisations. Being itself a NFP, the PilchConnect service is a sector-based response that promotes good governance among NFPs and assists them to understand and deal with their regulatory obligations.

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