

## \$43 billion nonprofit sector needs its own independent regulator

**MEDIA RELEASE – 11 February 2010**

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PilchConnect – PILCH's specialist legal service for not-for-profit community organisations – is disappointed that the Productivity Commission has missed the opportunity to clearly articulate the need for an independent, specialist regulator for charities and community organisations in Australia.

In a major report on the *Contribution of the Not-for-Profit Sector* released today, the Productivity Commission revealed that, in addition to obvious social and community benefits, Australia's not-for-profit sector also contributes close to \$43 billion (4.3%) to the country's economy. The Productivity Commission's report makes recommendations aimed at simplifying regulation for charities and not-for-profit community organisations, in order to maximise the valuable contribution they make to Australian society.

"While the Commission has ultimately recommended a new national, specialist Registrar for Community and Charitable Purpose Organisations, it has suggested that a division of ASIC may be an appropriate interim 'regulator' for Australian not-for-profits for at least the next 5 years" said Ms Woodward, Senior Lawyer at PilchConnect. "It is a messy compromise."

"It is the most disappointing aspect of the Productivity Commission's report which otherwise explains and quantifies the value of the not-for-profit sector and makes useful recommendations for reform" said Ms Woodward. "Other countries like the England, New Zealand and Singapore have long recognised the importance of the not-for-profit sector and have established specialist regulators or charity commissions. Why should Australia's not-for-profit sector, worth \$43 billion and a major player in delivery of government services, be short changed in this way? We are still looking at the detail in this report, but we are concerned that a Registrar within ASIC is inadequate and does not take into account the significance, and completely different needs, of the not-for-profit sector."

Ms Woodward said that tiered, on-line and nationally consistent reporting to a specialist regulator would enable the compliance burden for all not-for-profit organisations to be significantly reduced, while at the same time enhancing the transparency and accountability of not-for-profit organisations. She noted that the Rudd Labor Government's 2009 platform expressed a commitment to a national regulatory framework for not-for-profits, and she urged the government to look at establishing a separate, specialist regulator from the outset.

"The not-for-profit sector touches every Australian in some way – people volunteer, they're a member of a club, they may receive welfare services from a not-for-profit, or donate time or money to a charity or community group" said Ms Woodward. "Clear, urgent and comprehensive reform is vital for a sector that has immense economic and social significance, but is struggling under regulatory red-tape."

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