

## GLW Analysis Services Pty Ltd

ABN 36 95 005 238 488

Mailing Address:  
PO Box 245  
Collins St West PO  
Vic 8007  
[www.glwanalysis.com.au](http://www.glwanalysis.com.au)

Registered Office:  
Suite 1 of Level 3  
443 Little Collins St  
Melbourne 3000

Telephone:  
03 9670 0824  
Facsimile  
03 9600 2634  
[geoff@glwanalysis.com.au](mailto:geoff@glwanalysis.com.au)

Company Secretarial

Performance Reports

Contract Administration

Ref: NFP2013\ACNC Submission

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Manager  
Philanthropy and Exemptions Unit  
Indirect, Philanthropy and Resource Tax Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Email: [NFPReform@treasury.gov.au](mailto:NFPReform@treasury.gov.au)

Dear Sir/Madam

### **Re Development of Governance Standards for Charities**

I am a Chartered Accountant operating as a sole practitioner with experience as providing accounting and secretarial services for a not-for-profit for some 20 years, and also acting in the recent past as President of a very small cultural organisation for 3 years.

I acknowledge the effort that has evidently been devoted to produce standards that will be acceptable to a wide range of disparate charitable organisations.

I believe the starting point has been less than optimal, the coverage is not adequate, and the wording is ambiguous.

Australia is a member of the OECD, and the OECD Methodology for Assessing the Implementation of the OECD Principles of Corporate Governance 2006 includes a set of 6 groups of Principles which seem to me to be a logical framework. I believe a Consultation Paper based on the OECD Methodology would have been a preferable starting point. Are we trying to reinvent a wheel unnecessarily?

Reconciliation with the Principles proposed in the Consultation Paper and those listed by the OECD Methodology indicates inconsistencies. The OECD Principles IV.A to IV.F deal in some detail with the Role of Stakeholders in Corporate Governance. The Consultation Paper in Standard 2 talks of Accountability to Members, which is in parallel to OECD Principles III.A to III.B (on Shareholders) but the Consultation Paper does not appear to stake out anywhere a position for (other) stakeholders: that seem a significant anomaly.

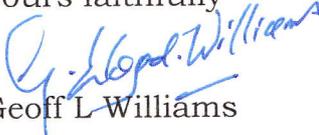
The OECD Principles have been worked out in meaningful detail. It is unfortunate that the wealth of OECD experience has not been utilised for the Australian context.

The reason for excluding religious organisations has not been given and is an undesirable precedent. In my view this exclusion should not be made. There are a wide range of different religions in vogue and the exclusion could be used to conceal activities that are contrary to the national interest.

It seems likely that the Governance Standards for Charities will need to be similar in structure at least to the Governance Standards to be applied in future to other Not-For-Profits in Australia.

I believe much would be gained by re-writing the current Principles in the Discussion Paper to follow the outline and at least some of the content already developed by the OECD. Australian issues could and should be recognised. This basis would then form a more acceptable starting point for all Not-For-Profits.

Yours faithfully



Geoff L Williams