

# Submission

to the

## Review of Not-for profit Governance Arrangements

by the

### Buderim Foundation Ltd

1. This submission is made by the Buderim Foundation Ltd in response to the Consultation Paper issued by Treasury on 7 December 2011.
2. The Buderim Foundation is a community foundation dedicated to the furtherance of the people of Buderim, principally through the annual allocation of grants to community organisations from funds derived from the earnings of the Foundation's Open and Public Trusts.
3. The Foundation is a philanthropic, not-for-profit organisation registered under the Commonwealth Corporation Act as a company limited by guarantee. The Foundation's Public Trust has Deductible Gift Recipient status and as a Public Ancillary Fund it is subject to the PAF Guidelines issued by the Commonwealth on 9 December 2011
4. The Buderim Foundation has been in existence for some eight years, and has a total corpus of funds of about \$0.5 million. It has one part-time employee and all other functions are carried out by volunteers.
5. The company has six Members who discharge the oversight and responsibilities of the members of a company limited by guarantee, including receiving the audited accounts and reports at the company's AGM and appointing the directors of the company.

6. The Buderim Foundation is most concerned that at all times it acts in accord with the legal requirements and community expectations imposed on it. The Foundation regularly checks that it is operating correctly and its auditors provide commentary on an annual basis.
7. However, as a relatively small organisation the Foundation finds it increasingly challenging to understand and therefore meet the myriad regulations and requirements to which it is subject.
8. Accordingly, any action by Treasury and the Commonwealth Government to simplify and rationalise their requirements is very welcome.
9. The Foundation supports the transfer of registration of the company from ASIC to the Australian Charities and Not-for-profit Commission (ACNC), but only if this results in a reduction and simplification of the obligations of the company. We are particularly concerned that this transfer must be made by the 1 July 2012; such a rapid transition is likely to create additional work for small organisations and we ask that due consideration be given to phasing this in more gradually.
10. Buderim Foundation supports the proposal to provide a set of governance principles as an overarching narrative for the regulation of not-for-profit entities. But there is a wide spectrum of such entities and the Foundation hopes that there will not be a 'one size suits all' approach taken to the interpretation of the principles.
11. The Foundation is well aware of the issue of conflict of interest in its operations, especially in its grants program, and we take care to ensure that all Directors make a clear declaration prior to any final decision-

making. However, the concept of conflict of interest is not well understood in the wider community, and in smaller communities is almost impossible to avoid. Clear specifications and examples of such conflicts and how to ameliorate them would be most helpful in strengthening the governance of small organisations.

12. The Foundation is also concerned to mitigate risk in its activities, but we do not wish to see a heavy-handed requirement that expensive insurance be taken out to cover all possible risks.

13. The Foundation supports the view that not-for-profit organisations should be encouraged to review their mission on a regular (annual) basis, to ensure they are continuing to meet their community expectations. But again, making this a formal requirement may be too prescriptive and perversely encourage non-compliance.

14. Australia's not-for-profit sector is not broken and therefore does not need tight timelines and constraining regulation. The people who volunteer to contribute to the organisations in the sector do so from a perspective of community betterment. They need to be helped and assisted through necessary regulatory change, not confronted by it. There is a significant educational role for the ACNC to play in making this transition an effective one.

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19 January 2012