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Please find attached a submission from Macquarie Community College in respect of the Government review of Not-For-Profit Governance Arrangements.

Yours sincerely



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Chief Executive Officer

SUBMISSION FROM MACQUARIE COMMUNITY COLLEGE ON THE REVIEW OF NOT-FOR-PROFIT GOVERNANCE ARRANGEMENTS

Macquarie Community College is a large not-for-profit provider of adult education which operates in north-west Sydney. The College offers accredited courses, courses for personal development and lifestyle & leisure courses. In any year the college has approx. 15,000 enrolments. The College has a volunteer Board elected from the members of the College. The College members comprise members of the community and students and employees of the College.

Introduction

Charities and foundations require governance principles that enhance their organisations' impact and strengthen the public confidence.

Given the diversity of organisations that make up the charitable sector the move by the Government to review the governance arrangements of the Not-For-Profit entities is to be applauded.

In considering the governance principles which should be considered in any review the principles can be grouped under four headings:

- Legal Compliance & Public Disclosure
- Effective Governance
- Financial Oversight
- Responsible Fundraising

This submission looks at each of the 4 sections above and attempts to identify the key issues.

1. Legal Compliance & Public Disclosure

Any NFP organisation in Australia should comply with all applicable federal laws and regulations as well as the applicable laws and regulations of the States and local jurisdictions in which it is based or operates. It is the responsibility of the responsible individuals of the organisation to be familiar with the laws and the legal framework within which the organisation functions. It is important that the organisation stays current and is proactive about the organisation's legal obligations.

All NFP organisations should have a formally adopted written code of ethic with which all of the Directors, staff and volunteers are familiar and to which they adhere.



It is also important that all NFP organisations adopt and implement policies and procedures to ensure that all conflicts of interest, or the appearance thereof, within the organisation and the Board are appropriately managed through disclosure or other means.

It should be a requirement for all charitable organisations to establish and implement policies and procedures that enable individuals to come forward with information on illegal practices or violations of organisational policies. This "whistleblower" policy needs to specify that the organisation will not retaliate against and will protect the confidentiality of individuals who make good-faith reports.

A NFP board should ensure that the organisation has adequate plans to protect its assets – its property, financial and human resources, its intellectual resources and its integrity and reputation against damage or loss. It should be a requirement that the board regularly review the organisation's need for general liability and Directors' and Officers' liability insurance as well take other actions necessary to mitigate risks.

A NFP organisation should make information about its operations, including its governance, finances, programs and activities widely available to the public.

2. Effective Governance

The Governing Body of a NFP organisation is responsible for reviewing and approving the organisation's mission & strategic direction, annual budget & key financial transactions, remuneration practices & policies and fiscal and governance policies.

It should be a requirement that the board of a charitable organisation meet regularly enough to conduct its business.

The Board of a NFP organisation should establish its own size and structure and review these periodically. The board should have enough members to allow for full deliberation and diversity of thinking on governance and other organisational matters. To ensure diversity of thinking I believe that a NFP organisation should have a board of at least five members.

It is important that a substantial majority of a NFP organisation are independent and not employees or contractors of the organisation nor related to any employee or contractor.

The Board should hire, oversee and annually evaluate the performance of the Chief Executive Officer of the organisation and should conduct such an evaluation prior to any change in that officer's remuneration.

Board members should be required to evaluate their performance as a group and as individuals and the organisation should have clear procedures for removing board members who are unable to fulfil their responsibilities.

An important requirement which should apply to all NFP entities is the need to review organisational and governing instruments at least every five years. This should include a review of the mission and goals to ensure that the mission is being advanced and prudent use is being made of the resources.

3. Strong Financial Oversight

A NFP organisation should keep complete, current and accurate financial records. Its Board should review timely reports of the organisation's financial activities and should have a qualified, independent, financial audit or review these statements annually in a manner appropriate to the organisation's size and scale of operations.

A NFP organisation should spend a significant percentage of its annual budget on programs that pursue its mission. The budget should also provide sufficient resources for effective administration of the organisation.

4. Responsible Fundraising

All NFP organisations should have guidelines for all fundraising materials and communication with donors. It is important that fund raising materials reflect and represent the organisation truthfully.

The organisation should ensure that contributions from donors are used for the purposes consistent with the donor's intent.

A NFP organisation should provide donors with specific acknowledgements of charitable contributions as contributions may be tax deductible.

There should be clear policies based on its specific exempt purpose to assist the organisation to determine whether accepting a gift would compromise its ethical, financial circumstances, program focus or other interests.

A NFP organisation should respect the privacy of individual donors and except where disclosure is required by law, should not sell or otherwise make available the names and contact details of its donors unless the donor has given permission to do so.

Conclusion

This submission has outlined what I consider to be the core organisational governance principles which should apply to registered NFPs in Australia. I am pleased to see a national approach being adopted across Australia from 1 July 2012.

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Macquarie Community College