

# SOUTHSIDE COMMUNITY GROUP PTY LTD

(A.C.N. 064 644 051)

PO BOX 669

SPRING HILL QLD 4004

TELEPHONE : (07) 3253 1700 - FACSIMILE : (07) 3253 1711

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*Trustee for The Southside Unit Trust*

20 January 2012

RM:mw 0442/11-SJG:TAH

The Manager  
Philanthropy and Exemptions Unit  
Personal and Retirement Income Divisions  
The Treasury  
Langton Crescent  
PARKES ACT 2600

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

## **Re : CONSULTATION PAPER – REVIEW OF NOT FOR PROFIT – CORPORATE GOVERNANCE**

The Southside Community Group is an entity that is part of the greater Southside Community and Sporting Association group. We are a Community organisation owned by an amalgam of charities as listed below:

- Mansfield State High School P & C Association
- Mansfield State School P & C Association
- Clairvaux Mackillop College P & F Association
- YMCA of Brisbane
- Queensland Blind Association Inc.
- St. Joseph's College Gregory Terrace
- Eastern Suburbs Soccer Club
- Brothers Rugby Club Inc.
- Merton East Old Boys Association Inc.
- Sunnybank Senior Rugby Club Inc.
- Sunnybank Junior Rugby Club

Our group distributes significant income to our shareholders/beneficiaries and various other local community groups.

As far as we know, this group structure is unique in Australia, and originally came together in 1974 to consolidate our community efforts and to provide long-term benefits to the wider local community. When first forming the group, many of our constituent organisations were actually struggling financially and the creation of this entity has allowed us to strengthen our programs and services to this day.

The funds now generated by the group are used, in turn, to support the many varied and worthwhile community and benevolent activities undertaken by our stakeholders including:

- Construction of major facilities such as auditoriums and gymnasiums in schools
- Provision of sporting equipment, computers and musical instruments in schools
- Building of facilities and provided services for disadvantaged children and adults
- Provision of facilities, equipment and services for the vision impaired
- Funding the establishment of a Vocational School for disengaged youth

- Assisting in providing 200,000 free breakfasts a year to children in need
- Supporting the provision of Affordable Housing
- Providing sporting facilities and equipment for the wider community
- Helping provide 15,000 Meals for homeless youth a year

In addition to the support of unitholders, the Southside group has a very broad reach and provides further annual financial and in-kind support to many other organisations and community groups:

- Mt Gravatt Bowls Club – Operational funding and construction of all-weather Bowls greens
- Mt Gravatt Australian Football Club Inc. – Field Maintenance, line marking, new car parking and new dressing rooms
- Mt Gravatt Hawks Soccer Club Inc. – Field Maintenance and line marking

Over the last 12 months alone, further additional financial support has also been provided to:

- Access Outreach Street Vans	- Leukaemia Foundation
- Asia Minor Historical Association	- Diabetes Queensland Australia
- Australian Red Cross - Sunnybank Branch	- Australian Men's Prostate Cancer Research Foundation
- Brisbane Eagles Lacrosse Club	- Beyond Blue
- Brisbane Family Daycare Scheme	- Jeans For Genes
- C&K Mt Gravatt Kindergarten	- Cancer Research (Daffodil Day)
- Club Camcorder	- Lions Xmas Appeal
- Comets Netball Club	- Premiers Disaster Relief Appeal
- Holland Park State School Chaplaincy Committee	- Christchurch Disaster Appeal
- Kyabra Street Community Gardens Group	- Qld Police Charity Ribbons
- Macgregor Netball Association	- National Heart Foundation
- Macgregor Souths Cricket Club	- Access Outreach Australia
- Moorooka Neighbourhood Watch Association	- St Bernards Outside School Hours Care
- Mott Park Kindergarten Association Inc	- St Joachim's Outside School Hours Care
- Mt Gravatt Garden Club	- Sunnybank Anglican Outside School Hours Care
- Mt Gravatt Junior AFL Club	- Sunnybank Contract Bridge Club
- Mt Gravatt Men's Shed	- Sunnybank Swimming Club
- Mt Gravatt Youth & Recreation Club Inc	- The Brisbane Orchid Society
- Older People Speak Out	- The Lower Sunnybank Hills Neighbourhood Watch
- Our Lady of Lourdes Outside School Hours Care	- The Plains Retirement Residents Committee
- Pink Allstars Netball Club Inc	- Warrigal Road State School P&C Association
- Probus Club of Holland Park Central	- Wishart North Neighbourhood Watch Association
- QEII Track Club	- Southern Suburbs Branch of Genealogical Society

As you can clearly see, the activities of the Southside Community Group has not only strengthened and improved the capabilities of the Group stakeholders, but also strengthens the local community as a whole. These programs and activities are crucial to a large proportion of the local community, with the financial assistance to all parties since 1994 totalling in excess of \$16.4 Million.

## Southside Submission

Our Submission primarily focuses in particular on heading 5.8 Other Structures paragraph 78 of the consultation paper.

As you can see Southside is quite unique in that it is a Unit Trust.

Typically the Unit Trust is used in private enterprise.

However, in the Southside case the unitholders are "charities".

In the whole of the consultation paper it has not recognized that charities and not for profits can operate in a multitude of structures including a unit trust.

We see that if there is going to be any regulation in respect of corporate governances then it needs to recognize that there are unit trusts in this sector.

If there are specific corporate governance provisions for each and every entity, then it may not work because there may be a structure or entity that has not been specifically thought of.

Therefore any regulation of corporate governance needs to be generic.

However, it should be remembered that the trustee of the unit trust is a corporate entity. Corporate entities are heavily regulated by the Corporations Act and Common Law.

Therefore, should there be any further corporate governance required of the not for profit sector where there is already a corporate entity regulated by the Corporations Act?

Using contemporary terminology in our over-regulated society, are we moving to a "nanny state" by specifically regulating a not for profit where it is already regulated by the Corporations Act.

The corporate governance that Southside currently has in place is as follows:-

1. Southside Community Group Pty Ltd is an Australian incorporated company regulated by the Corporations Act.
2. Southside Community Group Pty Ltd has its own constitution which sets out part of its corporate governance.
3. The terms of the Southside Unit Trust are set out in a unit trust deed.
4. The relationship between the unitholders is set out in a Unitholders Agreement between each of the not for profits who make up the unitholders.
5. The board of directors has a corporate governance manual and regularly attends continuing further education conducted by the Australian Institute of Company directors, CPA Australia and the Institute of Chartered Accountants.
6. In addition to that it is also regulated by the Australian Taxation Office in respect of it's not for profit status.

Is further regulation required?

It seems fanciful in the consultation paper to suggest that further additional corporation governance is required in respect to Southside.

It seems pendulum has swung too far and we really are in a "nanny state" where government feels they need to legislate for commonsense.

### **Conclusion**

Treasury needs to be careful in that the type of entity that a charity or not-for-profit enterprise ought not to be limited. Any entity or structure that operates and 100% of its income is used for altruistic purposes, then it should receive all the same benefits as a charity.

In Southside case the Directors and volunteers receive no fees or other indirect benefits.

Notwithstanding, Southside's capital assets and income it has no employees.

There are no commissions, wages, etc. etc. It is charity in its purist form. 100% of its earnings go to not-for-profit, i.e. parents and friends associations, soccer clubs, the Queensland Blind Association, the YMCA, rugby clubs and the like.

Treasury needs to be very careful that in trying to fix what it sees to be perceived problems in terms of larger "charities", that it does not affect organisations like Southside which do so much good work in the community and are run by volunteers that they make it all too hard and the volunteers just disappear.

Please feel free to contact me personally on 0419 742 163 should you wish to clarify or discuss any aspect of this correspondence.

Yours sincerely,



Steve Grant  
**DIRECTOR**  
**SOUTHSIDE COMMUNITY GROUP PTY LTD**  
(Formerly Pepkin Investments Pty Ltd)