

Wanslea is a Western Australian not for profit (NFP) that specialises in child protection, family support, out of home care, community development and child care. It has three incorporated associations in its structure, one of which is a Public Benevolent Institution, and all three have DGR status. Wanslea is considered a large organisation for reporting purposes.

Good governance is certainly required for all organisations and for those receiving public money the perception is that the benchmark may need to be higher. However, the compliance regime also needs to be realistic and based on risk, rather than the size or legal status of the organisation.

There is support for the concept of core rules for governance requirements; however, allowances will need to be made for the size and structure of organisations. Small organisations will often work with a Committee of Management that is quite different to large, sophisticated and complex organisations that will have a Board of Directors operating with governance standards that match a for profit publically listed company. The reporting requirements need to be commensurate with the size and level of risk or there is every possibility that the small NFPs will be dissuaded from continuing, either through increased cost or lack of people willing to be involved.

If part of the purpose of this consultation is to cut red tape, there is little evidence in the paper of this occurring. Many of the current contracts that NFPs have with government departments include various forms of accreditation eg Family Relationship Services, Child Care, Family Support. There is no mention that the government departments administering these will accept the ACNC documentation in lieu of the processes used by these agencies, and in most situations compliance to accreditation is tied to continued funding. One part of government won't accept that of another now; there is always something else that is required that is deemed particular to that funding arrangement.

Some NFPs are ISO (or similar) accredited and this should be accepted as compliant without any further documentation required, given the extent of work this requires and the rigours of maintaining the status.

Most NFPs, including the very large organisations, have volunteer boards with members who are well trained and professionals in their own fields. If they serve on a for profit company's board or a government committee there is an expectation of payment that is not questioned. Paying Board members of NFPs has long been a vexed issue; however, linking payment to the intent of donations is a red herring. There is no reason why a large NFP should not pay its Directors, should it choose to do so, particularly if its complexity is similar to an equivalent for profit entity.

The section on risk management seems to primarily focus on fraud. Whilst this is an important component of risk, the issue is much broader and good governance indicates that many more areas need to have plans, irrespective of organisation size.

Point 39 is an insult to the industry. Keeping management "in line" is not a term that would be used in any other business sector.

There is no recognition of the conflict of interest that exists when government is the funder and seen "as representative of the public as a whole" - point 40.4 The model of purchaser/provider, where government fills both functions that is inherent in many parts of the sector has not been considered. If it is also the regulator there are more areas for concern.

The capacity of a government agency determining "best practice" is fraught with problems. Public servants are systems driven and it seems likely that there will be more rules with less flexibility for organisations seeking to maintain their own identity than are operating in the for profit sector. This will become more apparent where both sectors are operating in the same field eg aged care, child care.

Recognition needs to be given to the experience and training of many of the CEOs and Board members within the NFP sector. Many have completed the AICD Directors Course, hold post graduate

qualifications in management and have access to various training programs that keep skills up to date and relevant. When compared with those working in the for profit sector surveys have indicated that the NFP sector as a whole is more likely to have tertiary qualified staff in senior positions than the for profit sector.