



Strengthening the Non-Profit sector

Julia Gillard and Labor
Let's move Australia forward



STRENGTHENING THE NON-PROFIT SECTOR

Federal Labor is committed to supporting a strong and productive non-profit sector.

A re-elected Gillard Labor Government will drive a major reform agenda for Australia's non-profit sector to deliver smarter regulation, reduce red tape and improve transparency and accountability of the sector.

Federal Labor's plan to strengthen the non-profit sector, which will reshape the way the Australian Government regulates, supports and funds this critical sector includes:

- A new **Office for the Non-Profit Sector** supported by a new **Non-Profit Sector Reform Council** made up of representatives from across the sector.
- A **scoping study for a national 'one-stop-shop' regulator** for the non-profit sector to remove the complex regulatory arrangements currently in place and streamline reporting arrangements.
- **Greater harmonisation and simplification** between the Federal and State and Territory Governments on non-profit sector issues, including regulation.
- **Reducing red-tape** for government funded non-profit organisations.

Each of these important reforms will occur in close consultation with the dedicated and passionate people and organisations that make up the non-profit sector.

These reforms are the first step in a long-term reform agenda that only Labor will deliver.

Why we are doing this

The Gillard Labor Government recognises that a strong, productive and innovative non-profit sector is essential to building an inclusive Australia.

The non-profit sector is a key partner in delivering major social policy reforms and in creating opportunities for Australians to participate in work, engage in life-long learning and live with dignity and respect.

The non-profit sector also enriches communities through sport and recreation, arts and culture, and through protecting the environment and providing emergency services in times of crisis.

We want to enable non-profit organisations to be able to focus on what they do best – helping Australians in need and boosting hope, participation, dignity and respect in our community.

A national regulator would also boost transparency and accountability in the sector so both ordinary Australians and philanthropists can donate money to non-profit organisations with more confidence and a greater understanding of how their donations will make a difference.

Over the last 15 years there have been five major reviews of the non-profit sector but the Gillard Labor Government is the first to commit to a reform package and ongoing sector reform process.

Federal Labor's reform plan compares to over a decade of no reform, no innovation and no vision from the former Coalition Government, only review after review followed by no action.

Who will benefit

Non-profit organisations, employees and volunteers will all benefit from this reform plan, as well as the Australian communities they serve – many of them the most vulnerable in our society.

The non-profit sector is made up of around 600,000 organisations, 59,000 of which are deemed to be economically significant. The sector contributes \$43 billion to Australia's GDP and counts for approximately eight per cent of employment nationally.

In addition, around 4.6 million individuals – almost 25 per cent of all Australians – are active in the non-profit sector as volunteers.

Office for the Non-Profit Sector

A re-elected Gillard Labor Government will immediately establish a Commonwealth-level Office for the Non-Profit Sector to drive and coordinate the policy reform agenda within government. This policy agenda will be informed by a comprehensive evidence base including a common framework for measuring the contribution of the sector.

The Office will be located within the Department of Prime Minister and Cabinet for an initial period of three years.

The Gillard Labor Government will also establish a Non-Profit Sector Reform Council to be made up of representatives from across the sector. The Reform Council will replace existing consultative groups by the end of 2010 and once established, will provide an important government-to-sector interface through which those most affected by these reforms can help shape their implementation.

The Reform Council will also play an important role in advising the Government on the remaining recommendations contained in the Productivity Commission's report into the non-profit sector.

Scoping a National Regulator for the Non-Profit Sector

The current regulatory framework for the non-profit sector is complex, lacks coherence and transparency, and is costly to the sector.

A re-elected Gillard Labor Government will move swiftly to determine the role, feasibility and design options for a national 'one-stop-shop' regulator for the non-profit sector.

The national regulator, which was also recommended by the Productivity Commission in its comprehensive examination of the non-profit sector published earlier this year, could have the following initial responsibilities:

- Registering and regulating, in the first instance, non-profit organisations which are companies limited by guarantee and cross-State and Territory jurisdictional fundraising organisations.
- Providing a single reporting point, and a consistent model, for non-profit corporate and financial information, with a goal of 'report once, use often'.
- Establishing and running an education program to lift sector standards and encourage greater compliance.
- Establishing and maintaining a non-profit sector information portal.

The Gillard Labor Government also accepts the Productivity Commission's recommendation that the location and final form of the national regulator should be determined following stakeholder consultations, including on the issue of whether the regulator should be an independent statutory body or an organ of an existing agency.

This process will also include consideration of who should undertake the role, currently performed by the Tax Office, of assessing, granting and monitoring tax concessional treatment.

A re-elected Gillard Labor Government would finalise the scoping study on the national regulator by early 2011.

Reducing red-tape for Government funded Non-Profit Organisations

The Gillard Labor Government will also significantly streamline tendering and contracting processes for government funded non-profit organisations.

These actions will cut red-tape and allow organisations in the sector to spend more time and money focusing on what they do best – helping Australians in need and boosting hope, dignity and respect in our community.

Federal Labor will develop a new, common form contract or ‘master agreement’ for use between the Australian Government and non-profit organisations.

A re-elected Gillard Labor Government will also undertake a review across all Commonwealth agencies of the efficiency and effectiveness of tendering, contracting and acquittal arrangements between the Australian Government and non-profit organisations by mid 2011. This will include the possibility of expanding Standard Business Reporting to include reporting requirements by non-profit organisations.

This will build on work already underway through Council of Australian Governments, which includes the introduction of a standard Chart of Accounts to improve consistency in financial reporting by organisations to funding agencies and departments, and harmonising fundraising legislation across States and Territories.

Supporting social innovation and improving access to capital

The reform plan builds on initiatives already announced to boost the innovative capacity of the non-profit sector and to help it overcome traditional issues with accessing capital for expansion, with an investment of \$27.5 million directly into the sector.

The \$20 million Social Enterprise Development and Investment Fund will provide matching grants to innovative social enterprise projects and the \$7.5 million Community Development Financial Investment Fund Pilot will test the potential of the community finance model to build the capacity of disadvantaged Australians who have difficulty accessing mainstream financial services and products.

A re-elected Gillard Labor Government will also proceed with the first ever Social Innovation Cooperative Research Centre to target research on areas of major social challenge.

Taxation Concessionalality

Over the last 15 years there have been five major reviews of the non-profit sector but the Gillard Labor Government is the first to commit to a reform package and ongoing sector reform process. Several of these reviews have recommended substantial changes to the tax concessional treatment of the sector, most recently the Australia’s Future Tax System (AFTS) Review.

In responding to the AFTS Review recommendations on taxation issues, the Labor Government confirmed that such recommendations were not Government policy and that a Labor Government would not reduce support for the non-profit sector.

This remains the commitment of the Gillard Labor Government.

Labor's Record

This major reform plan builds on significant progress made by the Gillard Labor Government in its first term to strengthen and support the non-profit sector.

Federal Labor has acted to **reduce red-tape** by:

- Introducing a Standard Chart of Accounts to improve consistency in financial reporting by organisations to funding agencies and departments.
- Committing to harmonising fundraising legislation across States and Territories by November 2010.

Federal Labor has acted to **give the sector a bigger say on policy** by:

- Removing the Liberals' "gag" clauses from government contracts, to protect the rights of organisations to advocate for change despite a commercial relationship.
- Establishing the Community Response Taskforce to provide advice to the Gillard Labor Government on the impact of the Global Financial Crisis on vulnerable Australians.
- Developing a framework for a relationship between government and sector through the first-ever National Compact: *working together*.

Federal Labor has acted to **support social innovation** by:

- Investing \$650 million in the Jobs Fund, to maximise jobs and training opportunities in local communities for innovative projects and positive environmental, heritage and social outcomes.
- Creating the \$41 million Innovation Fund, supporting projects and partnerships to help the most disadvantaged and long-term jobseekers into training and work.
- Providing \$12.5 million to establish the Centre for Social Impact at UNSW.

Federal Labor has acted to **help non-profit organisations through the Global Financial Crisis** by:

- Providing \$11 million in Temporary Financial Assistance Grants to support charitable and non-profit organisations that experienced a decrease in donations during the global economic downturn.

- Doubling funding for emergency relief, including more than 65 new financial counsellors, to assist non-profit organisations meet rising demand.
- Providing an additional \$50 million for no income loans, matched savings and safe and affordable credit, helping more than 30,000 Australians each year.

Federal Labor has acted to **help Australia's 4.6 million volunteers** and **overhauled the private giving sector** by:

- Committing to develop the first ever National Volunteering Strategy and boosting the Volunteer Grants Program with an additional \$15 million for volunteering initiatives.
- Modernising private ancillary funds, leading to a sharp rise in giving to such funds with fund assets jumping from \$1.4 billion to \$1.8 billion since 2007-08.
- Commencing the modernisation of the public ancillary fund sector.

Financial Implications

All resourcing for these proposals will be fully absorbed from within existing departmental allocations.

The Coalition's record

Tony Abbott and the former Coalition Government:

- ✘ Introduced layers of clauses into many contracts to "gag" non-profit organisations from speaking about Government policy.
- ✘ Ignored the sector and all those who were involved in the Charities Definition Inquiry by abandoning the recommendations of that report and drafting a provocative Charities Act that had to be abandoned because of its lack of support.
- ✘ Changed Fringe Benefits Tax rules to cut community sector workers' child care and family tax benefits.
- ✘ Increased red tape to micromanage outputs and bogged down the sector with unnecessary, overly-bureaucratic reporting requirements.
- ✘ Failed to invest in research and development to assess the social impact of non-profit services.

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