



Consumers
Health Forum
of Australia

23 January 2012

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

Dear Sir/Madam

Review of not-for-profit governance arrangements

The Consumers Health Forum of Australia (CHF) welcomes the opportunity to provide comments on the Treasury's Consultation Paper on the *Review of not-for-profit governance arrangements*.

CHF is the national peak body representing the interests of Australian healthcare consumers. CHF works to achieve safe, quality, timely healthcare for all Australians, supported by accessible health information and systems.

CHF is a not-for-profit (NFP) organisation, as are many of our members, and we therefore have a strong interest in NFP sector reform. Many CHF members are also registered charities. CHF is also a signatory to the National Compact between the Australian Government and the NFP sector, and a member of the Community Council for Australia (CCA).

CHF has provided input to numerous Treasury consultation processes on NFP sector reform, and contemporaneously to this submission will provide a submission in response to the Exposure Draft of the *Australian Charities and Not-for-profits Commission Bill 2012*. CHF will also provide a submission in February 2012 in response to the Discussion Paper on the *Australian Charities and Not-for-profits Commission: Implementation Design*.

Brief comments to inform the *Review of not-for-profit governance arrangements* are provided below.

CHF supports the concept of applying core principles-based governance rules across the NFP sector. The areas outlined for the governance principles appear to CHF to be appropriate:

- Duties and minimum standards of responsible individuals, including rules for proper organisational management and running of the entity
- Disclosure requirements and management of conflicts of interest
- Risk management procedures, including internal and external reviews and auditing requirements
- Minimum requirements for governing rules
- Relationships with members.

Combined with the educative function of the Australian Charities and Not-for-profits Commission, principles in each of these areas should be valuable in assisting NFPs to establish rigorous and transparent governance arrangements, or to ensure that existing governance arrangements are appropriate.

CHF does not have sufficient expertise in the various forms of NFP sector governance to provide comprehensive responses to the consultation questions about the details of the governance principles. However, we note the importance of proportional levels of regulation, with consideration of the widely varying sizes, forms and purposes of NFP entities in Australia. CHF supports NFP governance arrangements in which the level of regulation is proportional to the size of the entity, its turnover, the risks it presents by virtue of its activities and the level of government support it receives.

CHF is a company limited by guarantee, and would therefore not expect to experience an additional regulatory burden as a result of the reformed governance arrangements, though we recognise that some changes to reporting and governance arrangements may be required. However, it is important that smaller NFPs are not faced with excessive or duplicative governance requirements as a result of the changes, as this might result in the decision to cease operations. It will also be important for transitional arrangements to avoid duplication or additional requirements that are unnecessarily burdensome, particularly for smaller entities.

CHF, and its members, look forward to ongoing involvement in the reform of the NFP sector. If you would like to discuss these comments further, please contact CHF Senior Policy Manager, Ms Anna Greenwood.

Yours sincerely,



Carol Bennett
CHIEF EXECUTIVE OFFICER