

27 January 2012

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

Dear Sir/Madam

Re: Submission on the Australian Government's not-for-profit governance arrangements – consultation paper

The Australian General Practice Network (AGPN) welcomes the opportunity to comment on the Government's *not-for-profit governance arrangements – consultation paper*. AGPN supports, in principle, the Government's intent to reform the not-for-profit (NFP) sector's governance arrangements by establishing the Australian Charities and Not-for-profits Commission (ACNC), which will oversee and support all charitable and NFP entities under a national principles-based governance framework.

As companies limited by guarantee, AGPN and its member network currently report on its governance arrangements to the Australian Securities and Investments Commission (ASIC), in compliance with the *Corporations Act 2001*. Given these incumbent compliance requirements, the Network does not expect, as the Government indicates, to be required to make any substantive changes to its governance arrangements once it registers with the ACNC. We therefore provide only general comment below in response to the Government's consultation paper.

About AGPN

AGPN is the national organisation representing and supporting 106 general practice networks (GPNs) and eight state-based organisations (collectively known as the Network). GPNs deliver local health solutions through general practice to ensure all Australians have access to high quality primary health care.

The Network is currently in transition, providing the foundation for the establishment of the new national Medicare Locals (MLs) Network. MLs are regionally-based primary health care

organisations responsible for supporting greater coordination of primary health care services across their region; identifying and addressing local service gaps and areas of need; and driving quality improvement across the sector.

The Commonwealth Government has also made clear its intention for AGPN to evolve into the new Medicare Local national body (MLNB). The MLNB will provide national leadership to the MLs Network, driving high quality performance and supporting change management at a regional level. The below comments are made within this context.

General comment on NFP governance reform

- AGPN welcomes a potential reduction in the compliance burden that many NFP entities face under existing governance arrangement requirements. As the Government indicates, the current regulatory system for NFPs is fragmented, *ad hoc* and highly variable across states/territories and sectors. The resulting ambiguity and unnecessary requirements can often stretch the capacity and resources of some - particularly small to medium - entities, inhibiting their full capacity to deliver what are often public goods and services. Allowing charitable and NFP organisations to spend more time and resources on performing their core activities will ultimately benefit the individuals and communities many of them serve.
- A single national compliance framework and oversight body will provide for easier monitoring and accountability of entities that receive public monies and support. This will promote increased levels of trust in the NFP sector from NFP employees, volunteers, service consumers, government, donors/investors and the broader public. Such trust is essential in ensuring the viability and sustainability of the NFP sector in the long term.
- AGPN welcomes the intent to have the ACNC take over governance compliance oversight and assistance for all NFP companies limited by guarantee from the ASIC, under what we envision to be a governance framework better suited to the NFP sector. We would like to emphasise the importance of the Government's intent to have all *reporting* requirements shift from ASIC to the ACNC (for applicable entities) to avoid duplication and inefficiencies in this area.
- We welcome the prospect of removing or reducing the need for governance requirements to be imposed by other instruments such as government contracts, believing that, where possible, risks associated with poor governance should be managed at an organisational level by the

national regulator. This will also help reduce the compliance and reporting burden that many NFP organisations, including the Network, currently face.

- AGPN understands that all entities registered with the ACNC will hold an equal legal obligation under the single governance framework, and that larger entities will be supported by the ACNC to implement and maintain governance arrangements considered “best-practice” for their size and characteristics. AGPN supports this approach, emphasising however the need to allow for flexibility and customisation of arrangements to ensure that NFP entities are able to function at full capacity and with greater efficiency. In this regard, it is imperative that the ACNC take a consultative approach in developing and advising on “best-practice” governance arrangements. This will ensure that any advice/recommendation given by the ACNC is in line with the realities of Australian organisational culture and capacity, and that the enablers and barriers to “best-practice” governance compliance can be identified and jointly worked through between the ACNC and relevant NFP entity. It is also critical that additional “best-practice” governance arrangements for large entities do not increase their reporting requirements beyond what should be reasonably expected. AGPN recommends that if any additional reporting requirements are made for larger entities, they are done so through negotiation and agreement between the ACNC and relevant stakeholders.

AGPN welcomes the Government’s evident intent to consult widely with NFP stakeholders on the reform process, and we look forward to working collaboratively with key agencies as required as the NFP sector is reformed for the benefit of organisational stakeholders and the public more broadly. We would be happy to discuss any of the points made in this submission with you further, or subsequently, any matters in relation to future consultative processes. The contact at AGPN is Rachel Yates (02) 6228 0815; ryates@agpn.com.au

Yours sincerely



Leanne Wells
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Australian General Practice Network