



25 January 2012

Manager

Philanthropy & Exemptions Unit

Personal Retirement and Income Division

Via email; NFPReform@treasury.gov.au

CCAV Submission-Review of Not-For-Profit Governance Arrangements

Thank-you for the opportunity to make a submission on this issue and for including Community Clubs Association of Victoria (CCAV) in your consultation process. CCAV is a not-for-profit industry association representing not-for-profit clubs throughout metropolitan Melbourne and regional Victoria. We have a diverse range of member clubs including those with sporting and other interests, and memberships ranging from quite small to many thousands. These clubs are self-sustaining and generally do not rely on grants or donations, rather income from members and sponsors.

The Boards and Committees responsible for these clubs display different levels of competency and awareness of their governance responsibilities. CCAV provides governance information and training to our members. Support in the form of training and responses to queries about governance, dispute resolution and member related issues would account for approximately 30 % of all member contact. Members see CCAV as a focal point of authority and support in these areas. CCAV therefore has a role to play in disseminating information about training, education, and regulatory/governance changes.

Responsible Individuals Duties

It is CCAV's experience that not all people taking office on committees or boards have a clear understanding of the duties required to provide effective leadership and organisational control. Responsible individuals seeking a more formalised approach can frequently access information or templates, but there remains a lack of consistency in content and in some cases a lack of knowledge about how to obtain such information. Underpinning any formalisation of responsible individuals duties, should be an ongoing, extensive communication and education program.

CCAV's membership includes clubs and associations of varying sizes and with contrasting goals and financial exposures, so the development or imposition of anything other than high level guiding principles for responsible individuals is likely to present:

- inappropriate levels of control for some, and perhaps inadequate control for others
- barriers to participation in office bearing responsibilities.

We believe any requirement for responsible individuals to hold qualifications or demonstrate particular skills or experience could prove detrimental to the majority of our members. Those willing to take on voluntary positions for the betterment of their organisations may be dissuaded, leaving clubs with an insufficient pool of potential office bearers.

Conflict of Interest

This is an interesting and relevant issue for CCAV's members where, generally speaking, a case by case approach is taken to managing conflict of interest by responsible individuals. A minority of clubs operate with Board member position descriptions to address this issue or constitutions that formalise ideal behaviours in these circumstances for Boards/ Committees.

Ensuring a common understanding of conflict of interest or potential conflict of interest for responsible individuals through a guiding principle would assist in a more consistent approach. The criteria defined as a sample policy in Section 126 of December's Consultation Paper appear reasonable.

Risk Management

The processes described in Section 127 are also equally applicable to the protection of club member benefits and funds.

Principle 4 of the Commission of England and Wales' *Good Governance: A Code for the Voluntary and Community Sector* (as outlined on page 34 of the Consultation Paper) provides responsible individuals with a high level direction to assist with mitigation of risks. We see this as an adequate method of improving the understanding and operation of risk management processes.

Internal and External reviews

In Victoria, Incorporated Associations with annual gross revenue of more than \$200,000 or assets of more than \$500,000 must have their accounts independently audited at the end of the financial year. CCAV sees this as an appropriate tiering responsibility for review of financial processes.



CCAV believes that reviews of non-financial processes are an important component of good governance but more appropriately addressed by higher level guiding principle.

Governing Rules

As an Incorporated Association in Victoria, CCAV operates under the requirements of that structure, as do most of our members. We believe the availability of 'Model Rules' provides our smaller clubs with a readily accessible, no-cost set of generic governing rules. Clubs may tailor these rules to suit their organisational needs but only to the extent that they continue to comply with the requirements of Incorporated Associations.

In this area, we feel that guiding principles would not offer sufficient guidance to small clubs with scant access to adequate resources to translate such principles into an adequate set of governing rules. We believe that a recommendation for the provision of a national template for governing rules would be a significant outcome of this review.

CCAV hopes that our feedback provides a valuable contribution to the review of governance arrangements. On behalf of our members, we support the desire to develop streamlined, effective practices and procedures for the NFP sector.

Yours Sincerely

A handwritten signature in black ink, reading "Leon Wiegard".

Leon Wiegard OAM

President Community Clubs Association of Victoria