



Health Alert February 2010

This alert contains information on the following topics:

- **The Productivity Commission report into the Contribution of the Not for Profit sector in Australia**
- **New medicines advisory committee**
- **Legislation update**

The Productivity Commission report into the Contribution of the Not for Profit sector in Australia

On 11 February 2010, the Productivity Commission released to the public its report on the Contribution of the Not for Profit (NFP) sector in Australia. The report was commissioned by the government for the purpose of undertaking a study of the contributions made by the non profit organisations to society and to the economy in Australia.

The Commission has made a number of recommendations to the federal government that are aimed at improving how the value of the contributions made by the NFP sector to society can be measured and to enhance the efficiency and effectiveness of the sector.

It is suggested that using a common framework of analysis within which to evaluate, compare and measure the activities of the entire NFP sector as a whole will lead to a better understanding of how diverse the NFP sector is, both in the range of 'charitable' activities they undertake and in the range of organisational structures that exist.

The Commission has proposed a cohesive approach to try and enhance the relationship between the government, business and the NFP sector by building on existing programs and policies and by reducing a number of expenses and obstacles currently faced by NFP's.

For a full list of the recommendations please refer to the [Report](#). The recommendations include:

- establishing a national data system which would be developed and managed by the Australian Bureau of Statistics. Coined as the Information Development Plan, this system would collate and report data on the NFP sector. It is the intention of the Commission that this data system will develop a better knowledge base of the NFP sector and allow government to measure the value of the NFP sector more effectively and to contract with them for services more effectively.
- establishing a 'one stop' shop to consolidate all the compliance and regulatory requirements for the NFP sector into a new national Registrar for Community and Charitable Purpose Organisations (**Registrar**). This one stop shop would deal with such matters as incorporation, fundraising, compliance, fundraising, complaints handling and would also provide transparency to the public by having a centralised management of public records and financial information on each NFP organisation. In addition, the states should recognise the tax concession endorsement of NFPs for the purpose of applying exemptions from state taxes.
- reducing legal regulatory burdens on NFP organisations by integrating state and territory legislation for incorporated associations on a national basis. The Commission also recommends that a new chapter be introduced into the Corporations Act 2001 for the NFP sector that would reduce compliance burdens on NFPs and would allocate statutory fees and charges appropriate to NFPs.
- minimising the current impact of the taxation system on the NFP sector. The Commission believes that the process in applying for fringe benefit taxes (**FBT**) and other tax exemptions such as payroll tax concessions is complex and can be costly and confusing with a large number of deserving NFP's



missing out on government funding. Being left at a competitive disadvantage because an NFP has failed to establish itself as a charitable organisation means that they are unable to offer fringe benefits without penalty and as a result cannot remain competitive within the NFP sector by being able to attract top quality employees to further their philanthropic objectives.

Interestingly, while finding that current FBT rebates and concessions are 'inequitable and distorting', the Commission concluded that in relation to hospitals they do not impact on competitive neutrality and it made no specific recommendations about removing current benefits enjoyed by public benevolent institutions and

hospitals. It does conclude that the current regime is not an ideal method to assist charities.

- progressively widening the entitlement to tax deductions for gifts made to all registered charitable organisations.
- introducing a statutory definition of 'charity' to diminish the uncertainty for NFPs applying for charitable status would help to address the complexity in the current system for endorsement while also addressing what the Commission sees as a distortion in the distribution of government funding.
- reducing the number of agencies who determine charitable status. The Commission recommends that the process for endorsement could be

simplified if the Registrar, rather than the ATO is responsible for assessing and endorsing NFP organisations for tax concessions.

- implementing model fundraising legislation across Australia to reduce compliance costs and provide for the registration and management of NFP's fundraising activities by the Registrar across jurisdictions. Such a process would assist in reducing the regulatory inhibitors currently experienced by NFPs advertising the sale of products and services for charity fundraising across state borders on the internet.

New medicines advisory committee

The membership of the new Advisory Committee on the Safety of Medicines (**ACSOM**) was announced earlier this month. The ACSOM is an advisory committee to the Therapeutics Goods Administration (**TGA**) and replaces and expands the role of the Adverse Drug Reactions Advisory Committee. It will focus on the safety aspects of medicine regulations and will give expert advice to the TGA on the safety of medicines.

The Parliamentary Secretary for Health, Mark Butler, today announced the membership of the new Advisory Committee on the Safety of Medicines,

a key advisory committee to Australia's medicines regulator, the Therapeutic Goods Administration.

The ACSOM replaces and expands on the role of the Adverse Drug Reactions Advisory Committee (**ADRAC**) and focuses on the safety aspects of medicine regulation and the detection, assessment, understanding and prevention of adverse effects.

"The ACSOM will provide expert advice to the TGA on the safety of medicines including the quality and appropriateness of new risk management plans for a medicine over its entire life cycle," Mr Butler said.

These risk management plans are a valuable addition to current activities overseeing medicine safety.

In line with the continuing implementation for more open and transparent arrangements for the TGA, ASCOM recommendations will be published on the TGA website.

Mr Butler said the nine members include medical experts, a pharmacist and a health consumer expert. All nine members have in-depth knowledge relevant to the evaluation of medicine safety.

Legislation update

Health Insurance Amendment (Pathology Requests) Bill 2010 (Cth)

This Bill was introduced into the House of Representatives and received its second reading speech on 10 February 2010.

The Bill proposes to amend the *Health Insurance Act 1973* (Cth) by removing the legislative requirement for a patient that wants to receive a Medicare benefit when seeing a pathologist, to request the service

from that particular approved pathology practitioner or to the approved pathology authority who is the proprietor of the laboratory in which the service is rendered. Rather than having to make the request for service to that approved pathology practitioner or to the approved pathology authority, patients will now have greater choice as to who they see for pathology services.

Healthcare Identifiers Bill 2010 (Cth)

This Bill was introduced into the House of Representatives and received its second reading speech on 10 February 2010. It is the Bill's intention to work in conjunction with national privacy laws by outlining how information can be managed and facilitated between health providers. The Bill sets out the purposes for which healthcare identifiers can be used and also provides for:

- ways in which the Healthcare Identifiers Service can be operated and maintained, including the conferral of functions on the Chief Executive Officer of Medicare Australia, such as to develop and maintain mechanisms for users to access their own records and correct or update details;
 - permitted purposes for which healthcare identifiers may be used or disclosed and the offences relating to the misuse of healthcare identifiers and penalties for breaches of the legislation;
 - the Federal Privacy Commissioner to provide independent regulation of how healthcare identifiers are handled and the operation of the Healthcare Identifiers Service, such as handling complaints against Medicare Australia; and
 - annual reports to be provided to the Ministerial Council by the Privacy Commissioner and Medicare Australia.
- Consequential amendments will also be made to the *Health Insurance Act 1973* (Cth) and the *Privacy Act 1988* (Cth). These

amendments include new provisions in the *Privacy Act 1988* (Cth) which set out new offences classified as “healthcare identifier offences”.

Private Health Facilities Regulations

The long awaited *Private Health Facilities Regulations* are expected to be gazetted in the next few days with a commencement date of 1 March 2010. We are keeping in close contact with the NSW Parliamentary Counsel’s office and will advise when we have further details.

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