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## Editorial

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This volume of the journal examines some legal and taxation aspects that apply to the not-for-profit sector. The term ‘not-for-profit’ as used in this edition of the journal encompasses the activities of organisations that are essentially not motivated to make a profit but instead are formed for some purpose that could be described as altruistic.

The Productivity Commission produced a research report on the not-for-profit sector in January 2010, within which they canvassed the meaning of not-for-profit organisations (‘NFPs’).<sup>1</sup> They distinguish them from organisations such as households, government and profit-motivated business. The report reviews the meaning of ‘civil society’, ‘third sector’ and ‘community organisations’ as alternative descriptions used around the world to describe these types of organisations. The report recognises the difficulty of defining a very diverse sector, but attempts to provide a table that sets out ways to categorise not-for-profit organisations. The report says: ‘The three main characteristics used to distinguish NFPs in this study are their scale, whether they are member or community serving, and whether they undertake activities in the market or outside of the market.’ The report recognises that ‘the boundaries are fuzzy, with many NFPs operating across these categories.’

Within the categories, the report considers the following to be not-for-profit organisations:

- Many charities;
- Community development organisations;
- Environment not-for-profit organisations;
- Cultural and arts not-for-profit organisations;
- Worship;
- Amateur clubs (eg sports);
- Self-help groups;
- Government funded services (eg schools, hospitals);
- Forms of production which employ or deliver services to the disadvantaged;
- Organisations generating revenue to support charitable activities;
- Trading cooperatives;
- Financial mutuals;
- Licensed clubs;
- Intermediaries providing services to not-for-profit organisations; and
- Professional associations.<sup>2</sup>

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<sup>1</sup> Productivity Commission, *Contribution of the Not-for-Profit Sector*, Research Report (2010) 3-8.

<sup>2</sup> Ibid, Figure 1.1.

The Productivity Commission report narrowed down those organisations to be examined in the report, excluding small unincorporated entities (informal organisations); organisations relying solely on member contributions (such as non-trading mutuals and cooperatives); professional associations; political parties; schools; universities; and hospitals.<sup>3</sup>

This volume of *Legal Issues in Business* contains four articles that satisfied both the publishing criteria relating to references to the theme, and the double blind referee process. The content of the papers relate in a variety of ways to the not-for-profit sector, exploring a range of legal and taxation issues that impact on the sector. These include workers compensation issues, terms and conditions relating to employees in the sector, and accounting regulation of not-for-profit organisations in China. Whilst some of the papers refer to specific segments of the not-for-profit sector, others are much broader in their application to this industry.

The leading paper for this edition examines the *Workers' Compensation and Injury Management Act 1981* (WA) and how it applies to not-for-profit organisations in Western Australia. It provides an explanation of how the legislation applies to employees and contractors, the liability of principal contractors and how the legislation applies to the engagement of casual labour and volunteers. This is followed by an article that also examines how the changes made by the *Fair Work Act 2009* (Cth) are impacting on not-for-profit organisations in Western Australia, and describes the application of that legislation and the *Industrial Relations Act 1979* (WA) to the not-for-profit sector.

The third paper has an international focus and examines the way the legal milieu organises civil society and normalises the processes of Chinese not-for-profit services, particularly through state regulations and the use of accounting information. This paper examines how the strict legislation relating to accounting regulation and administration of Chinese not-for-profit organisations has the potential to compromise the activities and independence of not-for-profit organisations.

The fourth paper considers the current state of not-for-profit tax concessions in Australia. It identifies the extent of the organisations and the number of people employed by them, before explaining the tax concessions available to these organisations. It also examines some of the proposals arising from a recent consultation paper.

It is the aim of this journal's editorial board and its committees that the refereed articles in this volume will provide a useful resource for people working in the not-for-profit sector. It is also hoped that some of the legal and taxation concepts dealt with in the articles will be of assistance to people exposed to the activities undertaken in this sector or for anyone who is working closely with the legal or taxation issues considered in these four papers.

Finally, I wish to thank the contributors and the anonymous referees who willingly and without any tangible recognition give such support to this journal. I would also point out that the Editorial Committee has recommended that the next edition will focus on health. Articles are welcome on any legal and taxation issues relating to that topic.

Kevin G Brown

Editor

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<sup>3</sup> Ibid, 8-9.