

ACNC Quarterly

June 2019

Introduction from the Commissioner

It is always a joy to meet with charities, professional advisors and members of the public from across Australia to hear about the challenges and opportunities in the charity sector.

I have recently had the pleasure of meeting with charities in both metropolitan and regional Australia – and it has shown that while every charity has a different purpose, the overall goal is to provide a benefit to the community. I will continue to meet with charities whenever I travel, to hear more about their work but also ascertain if the ACNC can provide any further education, support or advice.

While hearing from charities is valuable, we are determined to remain proactive in delivering resources that are beneficial to the charity sector more broadly – as evidenced by the release of our two flagship reports in recent months.

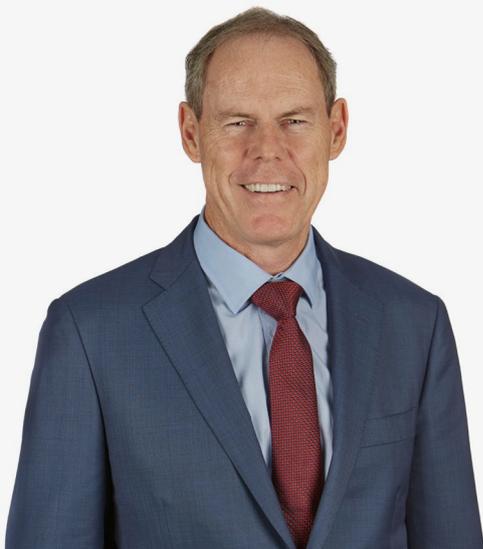
In recent weeks, we launched the *Australian Charities Report 2017* – an annual offering which analyses the information provided by registered charities in their Annual Information Statement each year.

The report found charities have noticed an increase in volunteer numbers – more than 3.3 million Australians now donate their time to a registered charity. Charities also reported an increase in total revenue in 2017, to just under \$148 billion.

Earlier in 2019, the ACNC launched the *Charity Compliance Report 2018*, our annual report into the activities and work of our Compliance directorate. As well as providing basic insight into our work, this year's report contains a unique, real-life case study from registered charity Guide Dogs Victoria – designed to offer other charities an insight into the importance of risk management.

These flagship reports are an important element of the ACNC's efforts to give back the data we collect and the insights we gather to the charity sector and the broader public.

I look forward to continuing this work throughout the year, and developing new opportunities to highlight and share the incredible work of Australia's charity sector.



2018 Annual Information Statements due soon for many charities

The 2018 Annual Information Statement submission period is well underway, with the majority of charities required to submit their mandatory reporting by 7 April 2019.

Thank you to those charities that have already completed their annual reporting, demonstrating their commitment to accountability and transparency. The information provided is now available to donors and the public on the ACNC Charity Register.

If your charity has not yet submitted its 2018 Annual Information Statement, log in to the ACNC Charity Portal and complete it as soon as possible to avoid penalties.

Charities that report on a calendar year basis from 1 January to 31 December will be required to complete their 2018 Annual Information Statement by 30 June 2019. All charities are encouraged to submit their 2018 Annual Information Statement as soon as possible, to ensure they are meeting their obligations.

Have you logged in to the new ACNC Charity Portal?

Instructions on how to access the new Charity Portal are available on the ACNC website at acnc.gov.au/charityportal, including a short and helpful video. To log in to the Charity Portal, visit charity.acnc.gov.au.

Please note: we are aware that some charities experienced technical issues immediately before the last major Annual Information Statement due date, resulting in significant delays in submissions.

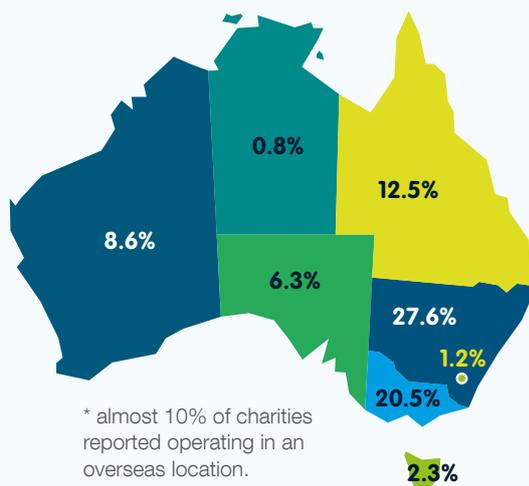
The Commissioner exercised his discretion to provide an additional one week extension for affected charities, and the ACNC's IT infrastructure is being continuously upgraded in order to ensure it runs smoothly.

We are confident that the issues experienced in March for some charities will not occur again. However, charities are encouraged to submit as soon as possible to avoid congestion on the Charity Portal and the Advice Services phone lines in the lead-up to the 30 June due date.

Further information about the 2018 Annual Information Statement, including a helpful guide and checklist, is available on the ACNC website at acnc.gov.au/2018AIS.



WHERE AUSTRALIA'S CHARITIES OPERATE



* almost 10% of charities reported operating in an overseas location.

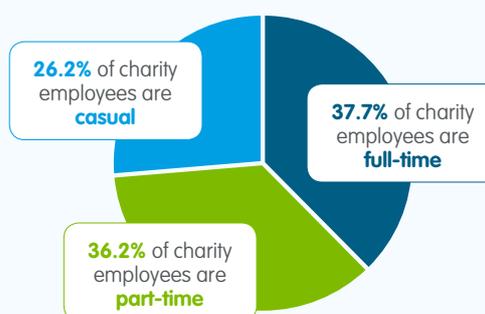
65% of registered charities are small, with annual revenue of less than \$250,000

3.3 million

Australians volunteer for registered charities



TYPES OF EMPLOYMENT IN CHARITIES



Australian Charities Report 2017 now available

In May 2019, the ACNC released the *Australian Charities Report 2017*, a new report which offers invaluable insights into the health of Australia's charity sector.

The ACNC's flagship report of charity data and statistics has been redesigned this year, to make the information more succinct and easier to follow for as many readers as possible.

The report, which examines the information provided in the 2017 Annual Information Statement by more than 47,000 charities, found that Australian charities have reported a considerable increase in the number of volunteers supporting their organisations.

Charities reported more than 3.3 million Australians had volunteered in 2017, up from 2.9 million in 2016. Almost half of all charities operated without any paid staff.

For the second consecutive year, charities also reported an increase in total revenue - \$146.1 billion in 2017, up from \$142.8 billion in 2016.

Due to increases in government funding, overall revenue rose in 2017. Donations and bequests fell by \$600 million from the figure reported in the *Australian Charities Report 2016*.

The majority of charities in Australia are considered small, with 61.5% of charities reporting annual revenue of less than \$250,000.

Like in previous years, all of the data from the 2017 Annual Information Statements can be downloaded from data.gov.au. You can also explore the interactive data at acnc.gov.au/charitiesreport.

ACNC Charity Compliance Report 2018 finds concerns are increasing

The number of concerns raised about Australian charities has risen again, according to a recent report from the ACNC.

The *Charity Compliance Report 2018* found that more than 1,800 concerns were raised about charities, up 6 per cent compared to 2017. Charity concerns have increased each year since the ACNC's establishment in 2012, a trend which may be attributed to increasing awareness of the ACNC as the national charity regulator.

This year's report contains a unique, real-life case study from registered charity Guide Dogs Victoria, who shared their story of identifying internal fraud and taking firm action to protect both the charity's assets and its reputation.

The report also contains further hypothetical examples of compliance issues often seen by our Compliance team – including circumstances of charitable funds being used for private benefit, or potential conflicts of interest.

Key statistics:

- 1,804 concerns were raised, up 6% from 2017
- 90 investigations were finalised – up from 82 in 2017
- 16 charities had their registration revoked
- 18 penalty notices issued
- 24 charities entered into a Compliance Agreement with the ACNC
- 2 charities entered into an Enforceable Undertaking
- Charities subject to compliance cases controlled over \$11.9 billion of charitable assets in total.

The full report is available now at acnc.gov.au/charitycompliance-report.



Consultation continues on the ACNC's second object

Late last year, the ACNC released the *Measures in support of the not-for-profit sector* report, designed to begin a discussion within the sector about the second object of the ACNC Act and possible opportunities for measurement within the ACNC's framework.

Currently, the ACNC Act's second Object is to 'support and sustain a robust, vibrant, independent and innovative not-for-profit sector'. This concept is not further defined within the Act, the Minister's Second Reading speech or the related Explanatory Memorandum.

The ACNC has consulted with charities, professional advisors, researchers and academics to discuss two key questions – how we could assess the extent to which the charity sector is robust, vibrant, independent and innovative, and what the ACNC might be able to collect or publish in reference to that assessment.

The ACNC will continue to prioritise the work surrounding the second Object. To receive updates, sign up to the Commissioner's fortnightly column: acnc.gov.au

Further Australian Aid: Friendship Grants coming soon

The second round of the Australian Aid: Friendship Grants program is anticipated to open in the coming months. The grants allow for Australian community organisations to expand or enhance their existing development activities in the Indo-Pacific region.

In its inaugural round last year, Friendship Grants were awarded to 46 Australian community organisations who are now implementing a variety of projects to support communities abroad - including providing specialised education, disability support, and essential infrastructure.

Information on Round 2, including eligibility and application requirements, will be made available on the DFAT Friendship Grants webpage when Round 2 opens. Organisations can also subscribe for updates to be notified when the applications round opens.

To find out more and subscribe, visit dfat.gov.au/friendshipgrants.



ATO Non-Profit News Service now available

The Australian Taxation Office has recently revamped its Non-Profit Newsroom, which provides updates for charities and not-for-profits on key taxation and superannuation changes that may impact their organisations.

Sign up to receive the monthly update by emailing nonprofitcommunication@ato.gov.au.

For more information about the ATO's role in supporting not-for-profit organisations, visit ato.gov.au.

Reforms to the whistleblower protections regime

Some charities will be affected by upcoming changes to whistleblower protection laws in Australia.

From 1 July 2019, the whistleblower protections in the *Corporations Act 2001* (Cth) will be expanded to provide greater protections for whistleblowers who report misconduct about companies and company officers.

The reforms, which will be enforced by the Australian Securities and Investments Commission (ASIC), are designed to broaden the definition of whistleblower, extend whistleblower protections and create provisions for civil penalties. For more information, visit the ASIC website at asic.gov.au.

The changes to the whistleblower protection regime in the *Corporations Act 2001* (Cth) will apply to companies registered with ASIC (public companies, including companies limited by guarantee). It will also apply to incorporated associations that are significantly or principally engaged in trading or financial activities. Charities that are incorporated associations will therefore need to decide if this applies to them.



Also from 1 July 2019, whistleblower protections will be available for individuals who make eligible disclosures in relation to the tax affairs, including tax avoidance arrangements, of another entity. These protections are separately administered by the ATO. To find out more about the ATO whistleblower protection regime, visit the ATO website at ato.gov.au.

The ACNC encourages all charities to consider whether they have an appropriate plan for managing any whistleblower disclosure, and particularly encourages public companies and incorporated associations to make themselves familiar with their requirements and obligations under these new rules.

The ACNC will publish more information about whistleblower protections in the near future.

2019 AASB Research Forum

Registrations are now open for the 2019 Research Forum, hosted by the Australian Accounting Standards Board (AASB) in conjunction with Monash University.

Held each year, the event provides an opportunity for academic researchers to present their work before a board of executive panellists from the accounting and auditing industries for further discussion and perspectives.

One of the three projects set to be featured at this year's event centres on the topic of standardised reporting in Australia's not-for-profit sector – a relevant issue for many charities and professional advisors in the sector.

To find out more or register for this free event in November 2019, visit the AASB website at aasb.gov.au.



New education and guidance resources

Self-Evaluation Tool

The ACNC has recently released a new self-evaluation tool, designed to help charities ensure they are complying with the ACNC Governance Standards and meeting their obligations to the national charity regulator.

The self-evaluation tool is a fillable PDF that helps charities describe the practical steps they are taking to meet their obligations, and prompts them to list the relevant policies or procedures.

The PDF is not compulsory and does not need to be returned to the ACNC – however, it provides a useful resource for charities to continually assess their compliance with ACNC requirements and identify potential areas of improvement.

Download your copy from the ACNC website: acnc.gov.au/selfevaluation.

Small Charities Library

A new collection of resources designed specifically for small charities is now available on the ACNC website.

The Small Charities Library contains factsheets, guides and templates designed to provide Australia's smallest charities with information, advice and tools they can use to help them manage their organisation, run effective meetings and ensure they understand and meet their obligations to the ACNC.

Explore the resources now at acnc.gov.au/smallcharities.

Webinars

The ACNC is continuing its calendar of webinars this year, with further events in June and July now available for registration.

June: Exploring the *Australian Charities Report 2017*

This webinar will discuss the key findings from the *Australian Charities Report 2017*, an annual publication designed to provide an insight into Australia's charity sector based on the data provided in the Annual Information Statements of more than 47,000 registered charities.

July: How to start a charity

This webinar will focus on the definition of a charity, deciding whether starting a charity is the best option, the requirements of registering a charity with the ACNC and more.

To sign up for upcoming webinars, visit the ACNC website at acnc.gov.au/webinars.

You can also access and view past webinars through the **ACNC website**.



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