Senator the Hon Zed Seselja
Assistant Minister for Treasury and Finance
Parliament House
Canberra ACT 2600

Dear Assistant Minister,

I am pleased to provide you with the Australian Charities and Not-for-profits Commission Annual Report 2017–18 for presentation to Parliament. This report has been prepared for the purposes of Division 130 of the Australian Charities and Not-for-profits Commission Act 2012 (Cth) and section 46 of the Public Governance, Performance and Accountability Act 2013 (Cth).

Yours sincerely,

The Hon Dr Gary Johns
Commissioner
Australian Charities and Not-for-profits Commission

5 October 2018
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## GLOSSARY

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Commissioner’s review

I am pleased to present the Australian Charities and Not-for-profits Commission (ACNC) Annual Report for 2017–18, highlighting the overall achievements of the organisation in the previous financial year.

While 2017–18 was a period of substantial change and transition, the ACNC’s dedicated team has continued to work toward achieving the objects of the Australian Charities and Not-for-profits Commission Act 2012 (Cth) (the ACNC Act), while supporting charities, and assisting the public.

I commend everyone at the ACNC for their commitment to both the Commission, and the sector more broadly. I would also like to take this opportunity to thank the inaugural Commissioner of the ACNC, Susan Pascoe AM, for her tireless work in establishing the Commission. Along with Murray Baird and David Locke, Susan built a world-class charity regulator, that has the support of the sector, the public, and government — no mean feat.

This was reflected in the final report from the mandated five-year review of the ACNC’s legislation which was published in August 2018. *Strengthening for Purpose: Australian Charities and Not-for-profits Commission Legislative Review 2018* noted there was strong support for the ACNC and acknowledged our collaborative and educative approach. In total, the Review Panel made 30 recommendations with the aim to strengthen the ACNC’s legislative framework.

The recommendations focus mainly on the ACNC’s objects, functions and powers, the overall regulatory framework, and red tape reduction for charities.

I welcome the report and its recommendations, and would like to thank the Review Panel, peak bodies, government agencies and charities for their contribution to the legislative review process.

When I joined the ACNC in December 2017, I was fortunate to take charge of the Commission as a mature agency, with over five years of experience, data and knowledge from which to draw. This has been invaluable in not only driving the ACNC’s work in 2017–18, but to shape the organisation’s future direction.

I am proud to share some of the ACNC’s major achievements in 2017–18, and provide insight into the future goals for the Commission.
Reduced red tape for thousands of charities

In 2017–18, I was pleased to announce that thousands of Victorian charities will benefit from new streamlined reporting arrangements. The ACNC and Consumer Affairs Victoria (CAV) worked closely over an extended period to end duplicated reporting obligations, which were costing Victorian charities both time and money. The large majority of registered charities that are incorporated as associations in Victoria will no longer need to:

- lodge an annual statement with CAV, or
- pay an annual statement lodgement fee to CAV.

Instead, these charities will continue to submit their ACNC Annual Information Statement each year, and the ACNC will share the relevant data with CAV securely on the charity’s behalf.

The ACNC also worked closely with the New South Wales Government throughout 2017–18 and on 10 September 2018, a new agreement that reduces the administrative burden on registered charities was announced by NSW Fair Trading and the ACNC.

The agreement, which will come into effect on 1 October 2018, allows incorporated associations that are also registered charities to submit their annual financial reports to the ACNC, and then we will securely share the data with NSW Fair Trading.

I would like to acknowledge the Victorian and New South Wales Governments’ commitment to reducing red tape for charities. While the ACNC can drive red tape reduction initiatives for charities, these can only become a reality through collaboration with our colleagues at the state and territory levels of government.

With these announcements, Victoria and New South Wales join South Australia, Tasmania and the Australian Capital Territory in their commitment to streamlined reporting arrangements for charities. I hope to be able to announce that more states have come on board in the ACNC’s next annual report.

Letting the data speak

One of the ACNC’s biggest assets is the data we are required to collect, by law, from Australia’s charities.

In the 2016 financial year, charities reported more than $142 billion in annual revenue, and they remained one of Australia’s most significant employers. Over 10 per cent of Australia’s workforce were employed by registered charities.

There are more than 56,000 registered charities dispersed across this vast country in numbers that generally reflect the population distribution. They provide a wide range of services and programs to the community — everything from health care to soup kitchens, local religious groups to overseas aid, child care to universities.

This data, which we will continue to make available each year, helps us better understand the size and scope of the charity sector. However, in future, we aim to make the information we collect more useful for donors, volunteers, and the sector itself.

One of my priorities for the year ahead lies in the concept of the charity market. Charities use images and data to sell their wares, to save a child in Africa, to rescue a stray dog, to save the planet. Donors buy those assurances. To me, that is a market.
A key component of the charity market is information; in particular, the cost of accessing and understanding information registered charities provide to the ACNC.

While the ACNC Charity Register is a useful tool to verify the registration status of a charity, it can be difficult for donors to understand the information it holds, and it cannot be used to search charities of comparable purpose easily.

To solve this problem, we are planning to apply a taxonomy of not-for-profit purposes to our data, so that donors can search for charities that do similar things, in similar locations.

This will help donors find charities that are delivering programs that are of interest to them in specific locations, and compare the information the charities have provided.

We are only in the early stages of this project, and there is much more consultation and discussion planned for the coming months. I will provide regular updates on the ACNC website.

**Information technology (IT) project**

In 2017–18 a considerable amount of our resources were devoted to a large-scale project to improve the ACNC’s IT environment, following $3 million in funding from the Federal Government to implement a fit-for-purpose system.

We are well on our way to having completely revamped ACNC IT systems, providing better functionality for all users. The range of improvements will include an updated ACNC website design and layout, improvements to the speed and reliability of the Charity Portal, and improved searchability and display of the Charity Register.

The IT upgrade project is on track to be delivered in October 2018.

**Compliance activity**

While the vast majority of registered charities operate in a professional and responsible manner, there are a small number of charities that do the wrong thing and abuse their position and privileges. There are also charities that set out with good intentions but, due to poor governance or mismanagement, place charitable funds and assets at risk of misuse.

Where required, the ACNC takes appropriate compliance action against a charity to ensure public trust and confidence in the sector is maintained. The ACNC’s compliance powers include providing regulatory advice, enforceable undertakings, directions, suspending or removing board members, and ultimately, revoking charity registration. The revocation of charity registration is used only in the most serious cases.

In 2017–18, we revoked the charity registration of 22 organisations following investigations — this is the same amount as 2016–17, which was higher than any other year. Additionally, we dealt with nearly 1,900 concerns about charities, the highest number we have ever received.

In 2018–19, the ACNC will continue to increase our capabilities to proactively identify charities at greater risk of misuse and non-compliance. Our capability has recently been strengthened by the ACNC becoming a designated agency under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (AML/CTF Act). This allows the ACNC to have direct access to Australian Transaction Reports and Analysis Centre (AUSTRAC) information, which provides a rich source of data and intelligence to help us identify terrorism financing and money laundering risks in the not-for-profit sector.
Finally, I would like to thank the ACNC team for their hard work over the year, the sector for its ongoing support of the Commission, the Commonwealth Government, on behalf of taxpayers, for the funding that has allowed us to dramatically improve our IT systems, and of course you, the reader. I hope you find this report an interesting and engaging record of the ACNC’s performance in 2017–18.

The Hon Dr Gary Johns
Commissioner
Australian Charities and Not-for-profits Commission

We are planning to apply a taxonomy of not-for-profit purposes to our data, so that donors can search for charities that do similar things, in similar locations.
Advisory Board
Chair’s review

In 2017–18 the ACNC reached a number of long-term milestones.

Significantly, the five-year review of ACNC legislation commenced this year. The Advisory Board conducted a thorough review of the legislation as part of our response to the review, which also drew upon our substantial experience in the charity sector and our direct involvement with the ACNC.

In September 2017, we farewelled Susan Pascoe AM, the inaugural Commissioner of the ACNC. Through her leadership, Susan made an enormous contribution to the charity sector and established the ACNC as an innovative, world-class regulator.

I would like to thank Susan again for her leadership and dedication in shaping the ACNC into the respected and trusted regulator that it is today.

In December 2017, we welcomed Dr Gary Johns into the role of Commissioner. Under Dr Johns’ leadership the ACNC has continued to thrive. Major projects to improve accessibility to information about charities and further enhance the Commission’s use of online technology have already begun.

Charities and the public alike will benefit from improved online experiences when dealing with the Commission thanks to major upgrades of the ACNC website, Charity Portal and Charity Register.

Throughout the year, the Commission has continued to make impressive progress on reducing the administrative burden on charities, with the Victorian and New South Wales Governments both signing agreements. Victoria and New South Wales join three other state and territory governments that have worked closely with the ACNC to implement changes to reduce burdensome reporting requirements imposed on charities.

This is a fantastic achievement, and I congratulate all involved.

In 2017–18, the ACNC Advisory Board continued to engage with the sector on key issues. We met with leaders of charitable aged care providers, as well as small rural charities and larger nationally focussed charities.

Regardless of the types of charities we meet with, we consistently hear support for the ACNC — in particular, the efforts to reduce red tape.
Thanks to the Board

Thank you to my fellow members of the Advisory Board for another productive year. The breadth of skills and experience of our members is impressive and their ongoing commitment and enthusiasm for the ACNC’s work ensures we apply our expertise effectively in helping the ACNC deliver its objectives.

The terms of four Advisory Board members finished in the year – Gina Anderson, Emeritus Professor Myles McGregor-Lowndes, Linda Mallett and Fiona McLeay — and I would like to thank them for their time and hard work.

In 2017–18, we welcomed new members Dr Susan Alberti AC, Peter Hogan, Heather Allan, David Pigott and Heather Watson. The new members bring a wealth of not-for-profit sector experience to the Board, which is already proving valuable in helping shape the strategic direction of the ACNC as a trusted and effective regulator of charities.

Tony Stuart
Chair
ACNC Advisory Board

The breadth of skills and experience of our members is impressive and their ongoing commitment and enthusiasm for the ACNC’s work ensures we apply our expertise effectively in helping the ACNC deliver its objectives.
<table>
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<td>ABOUT US</td>
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<td>OUR VISION, MISSION AND VALUES</td>
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<td>OUR LEADERS</td>
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<td>OUR STRUCTURE</td>
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<td>OUR ADVISORY BOARD</td>
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The ACNC is the independent national regulator of charities. We are responsible for administering the ACNC Act.

As defined in the ACNC Act, the ACNC has been set up to achieve the following three objects:

- to maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector
- to support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector
- to promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector.

We determine whether an organisation meets the legal definition of charity and we work to ensure charities understand and meet their obligations by providing guidance and support.

When charities are not meeting their obligations, we investigate and take appropriate action to ensure charities are well governed and that charitable funds are used for their intended purposes.

We help the public understand the work of the charity sector by maintaining the Charity Register — an online, searchable register of information about charities. The Charity Register enables charities to be transparent by publicly publishing information about their governance, activities, operations, and finances.

We work with state and territory and other Commonwealth government agencies to reduce unnecessary red tape for charities. Our aim is to harmonise and simplify reporting for charities and align their regulatory obligations.

Although the ACNC Act refers to not-for-profits and the not-for-profit sector, the ACNC currently only regulates registered charities — those that meet the definition of charity, as set out in the Charities Act 2013 (Cth) (the Charities Act).
Our vision, mission and values

We strive to be a world leader in charity regulation. We believe in good governance, honest respectful relations and transparent administration. Our Corporate Plan 2017–18 outlines our vision, mission, values and strategic priorities for the year.

The five key values of the ACNC align with the Australian Public Service values, address the unique aspects of our organisation and environment, and guide us in how we conduct ourselves in carrying out our role. Our values, illustrated in Figure 2.1, underpin our regulatory approach and the way we perform our work.

Figure 2.1: The vision, values, mission and Corporate Priorities of the ACNC

<table>
<thead>
<tr>
<th><strong>Our values</strong></th>
<th>Fairness</th>
<th>Accountability</th>
<th>Independence</th>
<th>Integrity</th>
<th>Respect</th>
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<tr>
<td><strong>Our vision</strong></td>
<td>Charities that inspire confidence and respect</td>
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<tr>
<td><strong>Our purposes</strong></td>
<td>To maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector</td>
<td>To support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector</td>
<td>To promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector</td>
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<tr>
<td><strong>Our core activities</strong></td>
<td>Register charities</td>
<td>Compliance and enforcement</td>
<td>Red tape reduction</td>
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<td></td>
<td>Education, assistance, advice</td>
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<tr>
<td><strong>Our enabling services</strong></td>
<td>Systems, information and data management</td>
<td>Workforce and resource management</td>
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<td>Legal, policy and research</td>
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<td><strong>Risk management</strong></td>
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Our leaders

The ACNC Commissioner is a statutory office holder appointed to administer the ACNC Act.

In December 2017, the then Assistant Minister to the Treasurer, the Hon Michael Sukkar MP, announced the appointment of the Hon Dr Gary Johns as the new Commissioner of the ACNC for a term of five years. Dr Johns’ appointment followed the conclusion of Susan Pascoe AM’s five-year term as the inaugural Commissioner of the ACNC in September 2017.

In 2017–18, the ACNC Executive comprised the Commissioner, Assistant Commissioner Charity Services, David Locke, and Assistant Commissioner General Counsel, Murray Baird. The position of Assistant Commissioner Charities Services was discontinued following the departure of David Locke in June 2018.
Current leaders

**The Hon Dr Gary Johns**
Commissioner
December 2017 – present

The Hon Dr Gary Johns took up the role of Commissioner following a long and varied career in regulation, public service and policy advice. Dr Johns has previously held roles as a Director of the Australian Institute for Progress, an Associate Professor of public policy at Australian Catholic University, and an Adjunct Professor at the Queensland University of Technology Business School. He has also served as a member of the Prime Minister’s Community Business Partnership, and as an Associate Commissioner of the Productivity Commission. He was an inaugural board member of Volunteers Australia.

From 1987 to 1996, Dr Johns represented the electorate of Petrie in the Federal Parliament and served as a Minister in the Keating Government. Dr Johns was also a columnist for The Australian, and has authored a number of books on charities and the not-for-profit sector.

**Murray Baird**
Assistant Commissioner, General Counsel
December 2012 – present

A member of the ACNC Executive team since the Commission’s establishment, Murray Baird has dedicated his career to not-for-profit and charity law and governance. Before joining the public sector, he was a senior partner at Moores Legal, where he led the not-for-profit team. A sought-after adviser, writer and presenter on not-for-profit legal issues, Murray has acted in several leading cases in the field of charity law, and has served on the boards of public and private companies and charities.

Murray has been Chair of Ansvar Insurance, First Samuel Limited and the National Housing Company. He has also served on boards of schools, church and community organisations. Murray was formerly a Director of the Australian Charity Law Association and Appeals Officer for the Australian Council for International Development Code of Conduct.
Past leaders

Susan Pascoe AM  
Commissioner  
December 2012 – September 2017

Susan Pascoe AM was the inaugural ACNC Commissioner. Prior to this appointment, Susan was Commissioner of the State Services Authority in Victoria. In 2009, Susan was appointed as one of three Commissioners to the Victorian Bushfires Royal Commission.

Susan began her career in education and served as President of the Australian College of Educators, Chief Executive Officer of the Victorian Curriculum and Assessment Authority and Chief Executive Officer of the Catholic Education Commission of Victoria.

Susan now serves as President of the Australian Council for International Development, and Chair of both the Community Directors Council and the Principals Australia Institute Certification Advisory Board.

David Locke  
Assistant Commissioner, Charities Services  
December 2012 – June 2018

David Locke was Chief Adviser to the ACNC Taskforce before his appointment to the role of Assistant Commissioner, Charity Services at the ACNC.

David was formerly the Executive Director of Charity Services at the Charity Commission of England and Wales. David worked as an adviser to several international governments on the regulation of non-government organisations. David qualified as a lawyer in the United Kingdom and started his career in community legal centres.

David now serves as as the Chief Ombudsman and Chief Executive Officer of the Australian Financial Complaints Authority.
Our structure

The ACNC has eight directorates, each of which plays a vital role in our ability to achieve the objects of the ACNC Act. The directorates’ functions are summarised below and our organisational structure is depicted in Figure 2.2.

Advice Services

Advice Services is the first point of contact with the ACNC for charities and members of the public. The team responds to written and phone enquiries, concerns from charities and the public and processes the thousands of forms that we receive. The team also undertakes projects to enhance the integrity of the Charity Register.

Corporate Services

The ACNC’s corporate planning, internal reporting, human resources and financial management is managed by the Corporate Services team. They also help look after our staff.

Compliance

Our Compliance team works across the whole of government to address risks that pose a threat to trust and confidence in the charity sector. The team uses data analytics and intelligence to identify trends and emerging risks in the sector and investigate allegations of non-compliance by charities.

The Compliance team takes proportionate action (including using enforcement powers) to ensure charities address non-compliance and protect themselves from abuse or mismanagement. In many instances this includes providing regulatory advice, compliance agreements, or formal arrangements. When investigations find that a charity has been involved in serious or deliberate non-compliance, the charity’s registration with the ACNC may be revoked. The team also helps to improve charity compliance with Annual Information Statement submissions through a warning and penalty regime.

Education and Public Affairs

Our Education and Public Affairs team delivers guidance, education and resources for charities to help meet their obligations under the ACNC Act. The team is also responsible for promoting the role of the ACNC and the importance of donating safely to legitimate and reputable charities to the public.

The team manages our publications and maintains our online presence through acnc.gov.au and our social media accounts, as well as managing government relations, media relations and ACNC internal communications.
Information Technology

Our Information Technology team manages IT projects and initiatives from procurement through to delivery and maintenance. The team also manages system configuration and provides ACNC data to support operations and help inform strategic decisions. IT also provide technical delivery and management of data exchange activities with other government agencies.

Additionally, the IT team provide user support for our staff, maintenance activities and incident management for ACNC systems, with support from various managed service providers and suppliers. IT security functions are managed with support from the Australian Taxation Office.

Legal and Policy

Our Legal and Policy team provide advice to the Commissioner and our staff on the interpretation and implementation of the ACNC Act and the Charities Act, and on statutory obligations and reporting requirements arising under other Commonwealth legislation. The team performs environmental scanning to ensure we are aware of and can respond to relevant external developments, and prepares submissions to parliamentary and other inquiries.

The Legal and Policy team also manages our obligations under the Freedom of Information Act 1982 (Cth) (the FOI Act) and Privacy Act 1988 (Cth) (the Privacy Act), as well as litigation under the ACNC Act.

Registration

Our Registration team is responsible for assessing charity registration applications, and adding information about newly registered charities to the Charity Register. The team also assess and process requests from charities to have information withheld from the Charity Register, to have new charity subtypes added to their registration, or to have their charity registration revoked.

The Registration team helps to streamline the Commonwealth charity tax concession process by collecting and passing on information required by the Australian Taxation Office on behalf of charities.

Reporting and Red Tape Reduction

Our Reporting and Red Tape Reduction team oversees the design and data integrity of the ACNC’s Annual Information Statements and administers various reporting obligations set out in the ACNC Act and ACNC Regulation.

The team leads the development and implementation of the ACNC’s Charity Passport ‘report once, use often’ reporting framework. This involves working with other government agencies to reduce red tape for charities and align regulatory obligations.
Figure 2.2: ACNC organisational structure as at 30 June 2018

Commissioner

Assistant Commissioner

General Counsel

Advice Services

Corporate Services

Education and Public Affairs

Information Technology

Reporting and Red Tape Reduction

Compliance

Legal and Policy

Registration
Our Advisory Board

The ACNC Advisory Board consists of charity sector leaders and experts in law, taxation, accounting and policy and state government officials.

The Board provides advice to the ACNC on issues, acts as a sounding board for new ideas and provides invaluable insights into the Australian charity sector.

The Board comprises general members and a Chair who are sector experts and ex-officio members who hold of a specified office.

General Board members are appointed by the Treasurer for a term of up to three years. In 2017–18, Dr Susan Alberti AC, Peter Hogan, Heather Allan, David Pigott and Heather Watson were appointed to the ACNC Advisory Board. These new members replaced Gina Anderson, Emeritus Professor Myles McGregor-Lowndes, and Fiona McLeay.

Ex-officio member Linda Mallett also left the Board in 2017–18, her position has not been filled to date.
In 2017–18 the Advisory Board met five times:

- Cairns: 21 July 2017
- Sydney: 22 September 2017, 18 May 2018
- Melbourne: 3 November 2017, 15 February 2018
General members

Tony Stuart

Tony Stuart is the Chair of the ACNC Advisory Board and a member of the Prime Minister’s Community Business Partnership. He is the Chief Executive Officer of UNICEF Australia and Director of the Starlight Children’s Foundation. Previously Tony was the Group Chief Executive Officer of National Roads and Motorists’ Association, one of Australia’s largest not-for-profit organisations. He is a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Management.

Dr Martin Laverty

Dr Martin Laverty is the Deputy Chair of the ACNC Advisory Board. Dr Laverty is the Chief Executive Officer of the Royal Flying Doctor Service of Australia. He is a Director of the National Disability Insurance Scheme Board, a member of the NSW Public Service Commission Advisory Board, Chair of the Australian Government General Aviation Group, and a member of the Social Determinants of Health Alliance committee.

Professor David Gilchrist

David Gilchrist is a Professor of Accounting at the University of Western Australia (UWA). Prior to joining UWA, Professor Gilchrist was foundation Director of the Curtin University Not-for-profit Initiative. Professor Gilchrist holds several industry roles including Chairman of Nulsen Disability Services, Director at Baxter Lawley Advisory and is a member of the Chartered Accountants Australia and New Zealand Not-for-profit Advisory Committee and the Australian Accounting Standards Board Academic Advisory Panel.

David Pigott

David Pigott has held a number of executive roles at Mission Australia including his current position of Executive, Policy and Corporate Affairs. He has served as an adviser to federal and state governments and as private secretary to the NSW Premier. David is a member of both the Reserve Bank of Australia Payments Consultation Group and the NSW Ministerial Advisory Council on Ageing. David is also the Chair of the Ella Centre.

Heather Allan

Heather Allan has 30 years’ experience in senior executive roles in the not-for-profit sector, most recently serving as Chief Executive Officer of Lung Foundation Australia. Heather is a member of the Board of YMCA (Brisbane) and a Committee member of Y-Care (South East Queensland) Inc. Heather has lived and worked in Canada, the United Kingdom, Hong Kong, New Zealand and Australia.

Heather Watson

Heather Watson is a specialist charity lawyer with experience across the not-for-profit sector. She is the Chair of both the Community Services Industry Alliance Ltd and Epic Good Foundation. She holds directorships with Uniting Victoria and Tasmania, Australian Regional and Remote Community Services, National Affordable Housing Consortium Ltd and SEFA Partnerships Ltd. She is also a member of the Advisory Council to the Queensland Family and Child Commission.
Peter Hogan

Peter Hogan is a Chartered Accountant with over 50 years of experience. Peter began his career at the Australian Taxation Office before moving into the private sector and becoming a corporate tax partner of PricewaterhouseCoopers. Peter is currently the Chair of Carbon Energy Ltd and a director of OneAll International Ltd. Peter is also the Deputy Chair of Villa Maria Catholic Homes Ltd and a board member of St Bernard’s College.

Dr Susan Alberti AC

Dr Susan Alberti AC is one of Australia’s pre-eminent philanthropists and the founder and Chair of the Susan Alberti Medical Research Foundation. Dr Alberti was the leading force behind the establishment of the Australian Football League’s elite women’s competition. Dr Alberti has been awarded the Officer of the Order of Australia, the Companion of the Order of Australia, the Companion of the Order of Australia and was named 2017 Melbournian of the Year and 2018 Victorian of the Year.

Ex-officio members

Cindy Bravos

Cindy Bravos is the Director-General of Licensing for the Northern Territory. Cindy has held a number of senior public sector roles, having served with both the Commonwealth and Northern Territory Public Services throughout Australia. She holds qualifications in law, international relations, leadership, change management and languages.

Dale Webster

Dale Webster is the Executive Director, Consumer, Building and Occupational Services in the Tasmanian Department of Justice. His current role includes the regulation of Tasmanian charities. Dale has held a number of senior roles in the Tasmanian Government, including Registrar of the Guardianship Board and Mental Health Tribunal and the Coordinating Member of the Disability Services Ethics Committee.

Dini Soulio

Dini Soulio is the Commissioner of Consumer Affairs and Liquor and Gambling with Consumer & Business Services (CBS) in South Australia. CBS has a broad portfolio which includes charities regulation. Dini’s background is as a solicitor in private practice, working in the areas of insurance, workers compensation and criminal law.
Our purpose and priorities

The ACNC Commissioner is an independent statutory officer with sole responsibility for administering the national regulatory framework for charities under the ACNC Act.

The ACNC’s purpose, deliverables and key performance indicators are published in our 2017–18 Corporate Plan.

The ACNC’s Corporate Priorities (also known as our purposes) for 2017–18 were as follows:

• Priority 1: To maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector
• Priority 2: To support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector
• Priority 3: To promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector.

The ACNC’s 2017–18 Corporate Goals, which are the critical success factors in our ability to realise the priorities above, were as follows:

• The Charity Register contains only charities that are entitled to be registered
• Registered charities meet their obligations under the ACNC Act and the Charities Act
• The Australian public recognise the ACNC as a primary source of information about charities
• The ACNC is a best-practice charity regulator
• Education materials are developed in response to issues identified through stakeholder engagement and information gathered through the registration process, advice services, reporting and compliance
• Information on the Charity Register is accurate and accessible, increasing transparency and informing policy
• Reporting obligations for charities are simplified and streamlined.

Our outcome and program

Although the ACNC operates independently, the agency is included under the Australian Taxation Office’s program structure and is one of the programs that delivers its outcome.

The Australian Taxation Office’s outcome statement is as follows:

Confidence in the administration of aspects of Australia’s taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law.

As Program 1.4 of the Australian Taxation Office’s program structure, the ACNC’s deliverables and performance indicators, which are used to assess and monitor our performance, are published in the Treasury Portfolio Budget Statements. These deliverables and performance indicators are the same as our Corporate Goals and Priorities outlined in our Corporate Plan.
Performance reporting: 
Annual Performance Statement

In line with the Commonwealth Government’s enhanced performance framework, our performance measurement and reporting processes were assessed against the requirements of government entities under the Public Governance, Performance and Accountability Act 2013 (Cth) (the PGPA Act). In addition, each of the Corporate Goals has performance criteria against which it was assessed as outlined in the ACNC's Corporate Plan. The performance criteria for each goal is included in the assessment tables in the body of this report. Each criterion is graded as either Met; Substantially met; Partially met; or Not met as outlined in Figure 3.1.

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<th>Result</th>
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<tr>
<td>Met</td>
<td></td>
<td>Targets met or exceeded</td>
</tr>
<tr>
<td>Substantially met</td>
<td></td>
<td>Targets mostly met</td>
</tr>
<tr>
<td>Partially met</td>
<td></td>
<td>Some targets were met and issues managed</td>
</tr>
<tr>
<td>Not Met</td>
<td></td>
<td>No or minimal progress made against targets</td>
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</tbody>
</table>

The ACNC’s performance against our deliverables and performance criteria is reported in the following pages. I, the Hon Dr Gary Johns, Commissioner of the ACNC, as statutory office holder appointed to administer the ACNC Act, present the Annual Performance Statement of the ACNC.

The Annual Performance Statement accurately reflects the performance of the ACNC during the 2017–18 financial year and is prepared for paragraph 39 of the PGPA Act. The statement by the accountable authority to present the Annual Performance Statement for the ACNC is included in the Commissioner of Taxation’s Annual Report.

The Hon Dr Gary Johns
Commissioner, Australian Charities and Not-for-profits Commission
5 October 2018
**Priority 1: To maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector**

**Corporate goal 1.1: The ACNC Charity Register contains only charities that are entitled to be registered**

<table>
<thead>
<tr>
<th>Priority: New charities are registered and included on the Charity Register</th>
<th>Performance criterion</th>
<th>Result</th>
<th>Analysis of result</th>
<th>More information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meet published service standards for processing registration applications</td>
<td>Met</td>
<td>The ACNC made 98% of registration decisions within 15 days of receiving the required information, exceeding our service standard by 3%. We were just under our 95% customer satisfaction service standard, with 94% of applicants indicating they had a positive experience. During the year, 2,627 new charities were registered by the ACNC and 205 were re-registered.</td>
<td>Page 37</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Priority: Charities identified as being ineligible to be registered are removed from the Charity Register</th>
<th>Performance criterion</th>
<th>Result</th>
<th>Analysis of result</th>
<th>More information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meet published service standards for finalising investigations</td>
<td>Partially met</td>
<td>The ACNC finalised 50% of investigations within six calendar months, which is 30% under our service standard. This year, the ACNC improved its triage and risk assessment processes to ensure that only the most serious matters progress to investigation. As a result, investigations are more complex in nature, require input from third parties and thus take additional time to complete. Despite not meeting our service standard, the ACNC completed more investigations and took more compliance action than ever before. The ACNC finalised 108 investigations (54 within the six-month service standard) over the year, a 65% increase on last year.</td>
<td>Page 39</td>
<td></td>
</tr>
<tr>
<td>Performance criterion</td>
<td>Result</td>
<td>Analysis of result</td>
<td>More information</td>
<td></td>
</tr>
<tr>
<td>--------------------------------------------------------------------------------------</td>
<td>--------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------</td>
<td></td>
</tr>
<tr>
<td>100% of charities with two outstanding Annual Information Statements are removed from the Charity Register biannually</td>
<td>Met</td>
<td>Charities that have failed to submit two Annual Information Statements are referred to as ‘double defaulters’. The ACNC ran two ‘double defaulter’ revocation processes in 2017–18. As part of these processes we notified charities that met the ‘double defaulter’ criteria that they had overdue reporting and were at risk of revocation. Of charities that did not submit their outstanding statements following this notification, 100% had their registration revoked. In August/September 2017, 86 charities with two outstanding Annual Information Statements had their charity registration revoked. In April 2018, an additional 110 charities had their registrations revoked. In total, these two processes resulted in 196 charities no longer being registered with the ACNC.</td>
<td>Page 50</td>
<td></td>
</tr>
</tbody>
</table>
Corporate goal 1.2: Registered charities meet their obligations under the ACNC Act and the Charities Act

<table>
<thead>
<tr>
<th>Performance criterion</th>
<th>Result</th>
<th>Analysis of result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policies and business processes align with the ACNC’s Regulatory Risk Framework</td>
<td>Met</td>
<td>The ACNC continued to improve and develop policies that align with the ACNC’s Regulatory Risk Framework and risk-based approach. In 2017–18, the following Commissioner’s policy statements were updated to reflect current practice, and to provide greater clarity: • Withholding or removing information from the ACNC Register • Compliance and enforcement • Group reporting. The ACNC also developed two new Commissioner’s policy statements: • Financial reporting scaffolding • ACNC’s approach to internal disputes. As a result of the review into the ACNC’s compliance function, the following operational procedures were updated in October 2017: • Information gathering powers • Referrals and information exchange • Monitoring powers. The ACNC also updated our ‘proof of identity’ operational procedure and added a new operational procedure about how ACNC staff can request advice from our Legal Counsel.</td>
</tr>
<tr>
<td>80% of registered charities lodge their Annual Information Statement on time</td>
<td>Substantially met</td>
<td>As at 30 June 2018, 72% of registered charities had lodged their Annual Information Statement on-time. Issues with the ACNC’s website in late May and June (a peak submission period) may have affected the number of on-time submissions. The IT upgrade project described on page 42 will ensure that the ACNC’s website operates more smoothly in 2018–19. The ACNC will continue to review our strategies to promote timely lodgement.</td>
</tr>
</tbody>
</table>
Corporate goal 1.3: The Australian public recognise the ACNC as a primary source of information about charities

<table>
<thead>
<tr>
<th>Priority: Public trust and confidence survey is completed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Performance criterion</strong></td>
</tr>
<tr>
<td>Public trust and confidence survey finds increasing recognition of the ACNC and its role</td>
</tr>
<tr>
<td>Priority: Charity Register and website use increases</td>
</tr>
</tbody>
</table>
Priority 2: To support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector

Corporate goal 2.1: The ACNC is a best-practice charity regulator

<table>
<thead>
<tr>
<th>Performance criterion</th>
<th>Result</th>
<th>Analysis of result</th>
<th>More information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality assurance processes demonstrate decisions align with the regulatory approach and are legally sound</td>
<td>Met</td>
<td>The ACNC’s Regulatory Approach Statement is available on our website and explains how we approach our role as the independent charity regulator. The ACNC has quality assurance processes in place, which were followed for all decisions in 2017–18. Where necessary, staff consulted with ACNC Legal Counsel.</td>
<td>Page 46</td>
</tr>
</tbody>
</table>

| Priority: Complete an internal review of the effectiveness of the ACNC legislation to enable the ACNC to meet the objects of the Act |
|---------------------------------------------------------------------------------------------------------------------------------|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Provide a submission to the reviewers of the first five years of operations of the ACNC legislation                               | Met    | The ACNC provided a comprehensive submission to the review of ACNC legislation. The submission was lodged with the Review Panel and published on our website before the due date to inform debate and allow for it to be referenced in other submissions.                                                                                 | Page 63          |
Corporate goal 2.2: Education materials are developed in response to issues identified through stakeholder engagement and information gathered through the registration process, advice services, reporting and compliance

<table>
<thead>
<tr>
<th>Performance criterion</th>
<th>Result</th>
<th>Analysis of result</th>
<th>More information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enquiries are responded to according to the published service standards</td>
<td>Met</td>
<td>Written enquiries were responded to within the service standard, 94% within five days. On average, calls were answered within 38 seconds and 87% were answered within our two-minute service standard. This is a significant improvement from 62 seconds in 2016–17 and 52 seconds in 2015–16.</td>
<td>Page 37</td>
</tr>
<tr>
<td>Quality assurance reviews of advice provided by staff meet a 75% or higher rating</td>
<td>Substantially met</td>
<td>The ACNC performs quality audits on all advice staff to monitor the quality of our responses and to ensure a first-class service to customers. The quality audits involve reviewing the calls and correspondence of each staff member. Each staff member’s performance is rated on a scale of 1 to 5 on integrity, correctness and consistency, timeliness and efficiency, and responsiveness. In 2017–18, our staff averaged a rating of 3.64 out of 5 (73%), slightly below our goal. The ACNC had eight new staff members join our Advice Services team over the year, who are completing ongoing training. A new quality improvement plan will be implemented for the coming year and we expect to meet our goal next year.</td>
<td>Page 67</td>
</tr>
</tbody>
</table>
Corporate goal 2.3: Information on the Charity Register is accurate and accessible, increasing transparency and informing policy

<table>
<thead>
<tr>
<th>Performance criterion</th>
<th>Result</th>
<th>Analysis of result</th>
<th>More information</th>
</tr>
</thead>
<tbody>
<tr>
<td>100% of financial information in the Annual Information Statements (excluding Annual Financial Reports) is examined for material errors</td>
<td>Met</td>
<td>The Annual Information Statement is due six months after the end of a charity’s reporting period. Most charities have a reporting period that ends on 30 June. In January 2018, we commenced analysing 2017 Annual Information Statements for material errors. Around 34,500 2017 Annual Information Statements have already been analysed for errors, and as at 30 June 2018, we had contacted 747 charities who made an error when reporting. To date, charities have corrected over $20 billion in revenue and $354 million of assets, improving the accuracy of the Charity Register.</td>
<td>Page 56</td>
</tr>
<tr>
<td>Charities that collectively hold 80% of the sector’s revenue and/or assets are each manually reviewed to confirm completeness of annual financial reporting</td>
<td>Met</td>
<td>In 2017–18, we reviewed the financial reports of 1,411 charities to confirm completeness of their annual financial reporting. Charities with errors were subsequently contacted by the ACNC to make corrections.</td>
<td>Page 56</td>
</tr>
<tr>
<td>At least 150 annual financial reports are selected for detailed review to confirm compliance with ACNC financial reporting requirements</td>
<td>Met</td>
<td>The ACNC reviewed more than 150 annual financial reports during the 2017–18 year. Where errors were identified, we worked with charities, educating them on their reporting obligations.</td>
<td>Page 56</td>
</tr>
<tr>
<td>Performance criterion</td>
<td>Result</td>
<td>Analysis of result</td>
<td>More information</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------------------</td>
<td>--------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>The ACNC analyses charity Annual Information Statement data and releases at least one report to the public</td>
<td>Met</td>
<td>In 2017–18, the ACNC released the <em>Australian Charities Report 2016</em> and two sub-reports <em>Australia’s Grant-making charities and Growth and Change in Australia’s Charities: 2014 to 2016</em>. Data from these reports was made available on <a href="http://data.gov.au">data.gov.au</a>.</td>
<td>Page 74</td>
</tr>
<tr>
<td>Open source data about registered charities is up to date and available on <a href="http://data.gov.au">data.gov.au</a></td>
<td>Met</td>
<td>Existing <a href="http://data.gov.au">data.gov.au</a> datasets were updated on a weekly basis throughout 2017–18. The Annual Information Statement 2016 dataset was published in December 2017 and included group reporting data. The addition of the Annual Information Statement 2016 dataset takes the total available data resources available on the <a href="http://data.gov.au">data.gov.au</a> portal to nine.</td>
<td>Page 57</td>
</tr>
</tbody>
</table>
Priority 3: To promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector

Corporate goal 3.1: Reporting obligations for charities are simplified and streamlined

<table>
<thead>
<tr>
<th>Performance criterion</th>
<th>Result</th>
<th>Analysis of result</th>
<th>More information</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Regulator Performance Framework demonstrates a reduction in red tape for charities</td>
<td>The ACNC, as a national regulator, is required to assess its performance against the Australian Government's Regulator Performance Framework. It consists of six 'outcomes-based key performance indicators' that articulate the government's overarching expectations of regulator performance.</td>
<td>In 2017-18, the ACNC's performance was rated as 'very good, with minor room for improvement'. Duplicated reporting requirements have been removed in several states and territories. The following charities now report once to the ACNC:</td>
<td>Page 58</td>
</tr>
<tr>
<td>Substantially met</td>
<td>The ACNC is in discussion with all other jurisdictions to implement streamlining reporting arrangements.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Service standards

We are committed to delivering high-quality services to the public and to the charities we regulate.

Our service standards are guided by our core values of fairness, accountability, independence, integrity and respect. Table 3.1 sets out these standards and how we performed against them in 2017–18. You can find more information about our service standards at acnc.gov.au/services/standards.

Table 3.1: Service standards performance 2017–18

<table>
<thead>
<tr>
<th>Service standard</th>
<th>Description</th>
<th>Measure</th>
<th>Target</th>
<th>Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>When you contact us</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General telephone enquiries</td>
<td>If you call us we will answer your calls promptly and courteously and aim to answer your queries on the spot.</td>
<td>Phone calls answered within 2 minutes</td>
<td>80%</td>
<td>87%</td>
</tr>
<tr>
<td>General correspondence</td>
<td>We aim to give you a complete response to general correspondence (email or letter) within five business days of receiving all the information. In some cases, we may ask for more information, so we can give you a full response.</td>
<td>5 business days</td>
<td>80%</td>
<td>94%</td>
</tr>
<tr>
<td><strong>When you do business with us</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approved forms</td>
<td>When you lodge a form to update your charity details we aim to process it promptly.</td>
<td>7 business days</td>
<td>80%</td>
<td>95%</td>
</tr>
<tr>
<td>Registering a charity</td>
<td>When we have received all the necessary information to process your application, we aim to make a decision within 15 business days.</td>
<td>15 business days</td>
<td>95%</td>
<td>98%</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>We aim to deliver our registration service through a knowledgeable team who are courteous, friendly, helpful, communicate clearly and keep you informed.</td>
<td>Percentage of customers expressing overall satisfaction with service</td>
<td>95%</td>
<td>94%</td>
</tr>
</tbody>
</table>

Continued
<table>
<thead>
<tr>
<th>Service standard</th>
<th>Description</th>
<th>Measure</th>
<th>Target</th>
<th>Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>When you report a concern to us</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complaints about the ACNC</td>
<td>Resolution of complaints about our service will be prompt and in accordance with our <em>Complaints and compliments about the ACNC</em> policy.</td>
<td>5 business days</td>
<td>95%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>When your charity is under review</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investigations</td>
<td>If your charity is being investigated we aim to finalise the investigation and notify you within six calendar months.</td>
<td>6 calendar months</td>
<td>80%</td>
<td>50%</td>
</tr>
<tr>
<td><strong>When you request information we hold</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General information requests</td>
<td>Acknowledgement of request to access information.</td>
<td>14 calendar days</td>
<td>100%</td>
<td>97%</td>
</tr>
<tr>
<td></td>
<td>Respond to requests not falling under the FOI Act and Privacy Act.</td>
<td>30 calendar days</td>
<td>100%</td>
<td>97%</td>
</tr>
<tr>
<td>Freedom of Information Act requests</td>
<td>Respond to requests for information falling under the FOI Act.</td>
<td>30 calendar days (plus statutory extensions)</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Respond to requests for information falling under the FOI Act where third-party consultation is required.</td>
<td>60 calendar days</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Privacy Act requests</td>
<td>Respond to request for information raised under the Privacy Act.</td>
<td>30 calendar days</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>
When you contact us

Throughout the year, our Advice Services team strive to answer all calls as soon as possible. We recognise that sometimes we will receive queries that are complex or unique to a charity’s specific circumstances. When this happens, we arrange a call back to ensure we give a thorough and accurate response.

March and June were the only months where we were not able to meet our service standard in the last financial year.

When you do business with us

We aim to ensure that the registration process is as customer friendly and efficient as possible. This year we achieved our highest result since the ACNC was established, processing 98 per cent of applications within 15 days of receiving all the information required to make a decision.

Most customers found the registration process to be a positive experience with 94 per cent expressing satisfaction with the quality of our service.

When you report a concern to us

We work hard to be a transparent agency with good governance practices, a positive culture and a focus on customer service. If we fail to live up to these ideals, we encourage people to let us know. In accordance with our Complaints and compliments about the ACNC policy, we are committed to resolving complaints about our service as quickly as possible. We exceeded our target for this service standard, responding to 100 per cent of ACNC complaints within five business days of receiving them.

When your charity is under review

This year we completed more compliance activities than in any previous year, despite operating with a smaller Compliance team. We improved our triage and risk assessment processes to ensure that only the most serious matters progressed to investigation. As a result, investigations tended to be sensitive and complex in nature, and were more likely to result in a formal compliance intervention. In 2017–18, we finalised 108 investigations, an increase of 42 investigations (64%) compared to last year. Seventy-one investigations (66%) resulted in a compliance or enforcement response1.

We did not meet our investigations service standard this year. However, the service standard provides a limited picture and is no longer fit for purpose due to the nature, variety and complexity of our compliance activities. Consequently, a new service standard will be set for the 2018–19 year2. We also hope to achieve further efficiencies with the implementation of a new case management system in 2019.

When you request information we hold

We receive formal requests for information made under the FOI Act and the Privacy Act, as well as general enquiries. We are committed to responding to 100 per cent of these within the prescribed service standards. We achieved our 100 per cent target for two out of our three targets in 2017–18, and we missed our third target by three per cent.

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1 This may include revocation, enforceable undertaking, direction, compliance agreements, regulatory advice.

2 The new service standard is: 60% of investigations finalised within 6 calendar months and 90% finalised within 12 calendar months.
**Cloud Migration Project**

In August 2017, we completed our Cloud Migration Project, achieving a significant transformation of the ACNC’s operating environment. This project has delivered improved IT server infrastructure, an environment tailored to our needs and productivity tools to support improved efficiencies, collaboration and information management.

The project involved:

- moving our infrastructure from a local data centre to Microsoft Azure cloud infrastructure
- rolling out a dedicated ACNC network with new desktop and mobile hardware running Windows 10
- implementing the Office 365 productivity suite
- introducing a level 1 and 2 helpdesk managed service with infrastructure and engineering support.

**Systems upgrade**

We are in the middle of a $3 million project to upgrade our IT systems, delivering better speeds and functionality across the IT infrastructure. The project commenced in November 2017 and has progressed rapidly.

The upgrade will:

- improve the speed and functionality of the Charity Portal, which will make submitting Annual Information Statements quicker and easier
- update our website design and layout, so it is more user-friendly for those looking for information to manage their charity, or those looking for information about charities and the sector more broadly
- improve the search function, accessibility and responsiveness of the Charity Register for donors and the public
- implement a new customer relationship management system that provides automation, workflow and quality assurance to support and streamline our internal operations.

The new ACNC website, Charity Register and Charity Portal will be online from October 2018.

**ACNC ANNUAL REPORT 2017–18**

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WE ARE UNDERTAKING A
$3 MILLION
PROJECT TO UPGRADE
OUR IT SYSTEMS
Charity registration

Registration process

We assess charity registration applications against the requirements of the ACNC Act, the Charities Act, the Charities (Consequential Amendments and Transitional Provisions) Act 2013 (Cth) and common law to determine eligibility for registration, and the appropriate charity subtypes. Where we do not have enough information to enable us to decide, we may consider other sources of information such as the applicant’s website or annual report and request further information from the applicant.

If we refuse to register an organisation as a charity or with a particular charity subtype, this decision can be objected to under the ACNC Act. These objections are independently reviewed. All newly registered charities are entitled to a registration certificate and receive helpful information about managing their obligations as a charity.

In the last year, almost all (99%) charity registration applications were made through the online form on our website. The registration form is supported by guidance to help applicants understand the process and our requirements.

Registration outcomes

In 2017–18, 3,320 new charity applications were received. Of those received, 2,627 (73%) applicants were registered as a charity. We received 241 re-registration requests from charities that had previously had their registrations revoked, of which 205 were registered. Of the remaining applications, 43 were refused for not meeting registration requirements, 213 were refused for not supplying sufficient information for us to decide and 689 applications were withdrawn. At the end of the financial year, 427 applications remained in progress.

3320 new applications received

79% of applicants registered as a charity*

241 re-registration requests

2832 total charities registered*

* These figures include new and re-registration applications.
Refusals

In 2017–18, we refused 256 charity registration applications. Eighty per cent of these applications were refused because the applicant did not provide enough information for the ACNC to determine whether they met registration requirements.

In these situations, we make two attempts to obtain the missing information before refusing an application.

The remaining refusals occurred because the organisation applying for registration did not meet the requirements.

Withdrawals

This year, 689 organisations chose to withdraw their registration applications. This is consistent with 2016–17.

Organisations often withdrew their applications after the ACNC identified non-charitable purposes and explained how the law related to their purpose. Other applicants withdrew while they redrafted governing documents or resolved complex issues preventing registration.

Many organisations that have either withdrawn an application or had it refused will re-apply for registration after they have resolved any issues preventing registration.

Objections

A charity or its Responsible Persons can object to certain ACNC decisions under the ACNC Act, and may request the decision be internally reviewed.

In 2017–18 we received 19 review requests relating to our decisions to refuse charity registration or to register a charity with a subtype. This is an increase from seven in the previous year.

Voluntary revocations

Every year, some charities choose to wind up their operations, merge with other charities or decide that they do not wish to retain their ACNC registration.

In 2017–18 we received 1,041 applications from charities requesting to have their registration revoked voluntarily, down from 1,240 in the previous year.

NEWLY REGISTERED CHARITIES*

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017–18</td>
<td>2,832</td>
</tr>
<tr>
<td>2016–17</td>
<td>2,887</td>
</tr>
<tr>
<td>2015–16</td>
<td>2,850</td>
</tr>
<tr>
<td>2014–15</td>
<td>2,625</td>
</tr>
<tr>
<td>2013–14</td>
<td>3,141</td>
</tr>
<tr>
<td>2012–13</td>
<td>700</td>
</tr>
</tbody>
</table>

* These figures include new and re-registered charities.
Information withheld from the Charity Register

In limited circumstances, we may withhold a charity’s information from the Charity Register, if a charity requests it. The Commissioner has discretion to withhold information, if the adverse effect of publishing the information outweighs the public interest in publishing it.

Table 4.1: Requests to have information withheld from the Charity Register

<table>
<thead>
<tr>
<th>2017–18</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Charities that made withholding requests</td>
<td>315</td>
</tr>
<tr>
<td>Total number of requests</td>
<td>1246</td>
</tr>
<tr>
<td>Requests allowed</td>
<td>771</td>
</tr>
<tr>
<td>Requests refused</td>
<td>295</td>
</tr>
<tr>
<td>Requests withdrawn</td>
<td>96</td>
</tr>
<tr>
<td>Requests currently being processed by the ACNC</td>
<td>84</td>
</tr>
</tbody>
</table>

1 Charities can make multiple requests to have information withheld. The ACNC may agree to withhold certain information, such as the charity’s address, but refuse to withhold other information, such as the charity’s name.

Improvements to processes and the registration form

The ACNC commissioned Deloitte to review the Registration function in 2016–17 to identify efficiencies and business process improvements. In 2017–18 we made several improvements to the charity registration experience based on the recommendations of the review, including streamlining our internal work processes and starting work to develop an updated charity registration form.

Applicants are now given a dedicated ACNC contact person within days of applying. The contact person is readily available throughout the registration process to answer questions and give updates on the progress of their application.

The new charity registration form, due to be released in late 2018, will be more user friendly, easier to understand and customised to suit the applicant’s circumstances.
Our regulatory approach

We continue to use a risk-based approach in allocating our compliance resources.

We address concerns that present the greatest risk to trust and confidence in the charity sector. Our proportionate approach to compliance allows charities a chance to address concerns while dealing with cases of serious misconduct quickly and firmly. Our Regulatory Approach Statement explains in more detail how we undertake our role as the national charity regulator.

You can read our Regulatory Approach Statement at acnc.gov.au/regulatoryapproach

IN 2017–18 WE FOCUSED OUR COMPLIANCE RESOURCES ON CHARITIES AT GREATER RISK OF MISUSE IN THE FOLLOWING AREAS:

**FRAUD & FINANCIAL MISMANAGEMENT**
Including money laundering, tax avoidance and private benefit.

**HARM TO BENEFICIARIES**
Particularly children and vulnerable adults.

**TERRORISM**
The misuse of a charity for terrorist purposes or to foster extremism. Includes charities that support terrorism (financial or otherwise), and/or connections to a listed terrorist organisation, or a person or entity of concern.

**POLITICAL OR UNLAWFUL ACTIVITIES**
Where the charity may be at risk of having a disqualifying purpose.
Concerns about charities

Receiving and investigating concerns about charities is a key component of our work to maintain and enhance public trust and confidence in the sector. Over the six years since establishment, we have received 5,483 concerns about charities.

Most concerns are received by our Advice Services team; however, we also identify concerns through the media and receive referrals from other government agencies.

We are also increasingly analysing our own data as well as working with other regulators and law-enforcement agencies to identify risk and prevent harm from occurring. This is a significant shift for the ACNC with a dedicated intelligence analyst and a much stronger focus on a data and intelligence-led approach. This year, 22 per cent of the cases we commenced were identified through our own data-matching work.

In total, the ACNC received 1,869 concerns about charities in 2017–18, which represents a 46 per cent increase over the previous year.

The majority (62%) of concerns received by the ACNC were either addressed by our Advice Services team through the provision of education and guidance or were out of our jurisdiction. Where a concern is outside the ACNC’s jurisdiction — for example, internal disputes or employment issues — we refer the complainant to the relevant regulator or an alternate source of advice.

The remaining 716 concerns were progressed to the Compliance team for closer consideration. This year we improved our triage and risk assessment processes to ensure that the most serious matters progressed to investigation.

Once a concern has been triaged, those identified as the most urgent undergo a detailed risk assessment. Risk assessments include reviewing information we currently hold in addition to seeking additional information from other sources, such as other government agencies, banks and open-source material. Risk assessments help us understand the significance, likelihood and consequence of the risk, which in turn assists in deciding the most appropriate response. In 2017–18, the ACNC completed 192 risk assessments; 46 per cent of cases proceeded to investigation while 54 per cent resulted in the provision of regulatory guidance or no further action being required.
Figure 4.1: Source of concerns assessed by the Compliance directorate in 2017–18.

- Other government agency referral
- Members of the public
- Responsible Persons (current and prior)
- Employees (current and prior)
- Funding providers/donors/volunteers
- Media
- Charity (self-report)
- Anonymous
- Charity beneficiaries
- Internal ACNC referral e.g. Registration, Advice
- Other
- Proactive review

Figure 4.2: Risk categories of concerns assessed by the Compliance directorate in 2017–18.

- Private benefit
- Poor governance
- Criminal or improper purposes
- Other
- Harm to beneficiaries
- Terrorism
- Mismanagement
- Disqualifying political purposes
- Conflicts of interest
- Not entitled to charity subtype
- Reporting issues
- Imminent loss/harm to assets
- Record-keeping
- Disqualified persons
Compliance activities

Our compliance activities have increased significantly over the last two years. In 2017–18 we finalised more investigations (108) and regulatory intervention than any other year. Charities subject to investigations and regulatory intervention controlled a combined total of $5.7 billion of charitable assets.

Our response is proportionate to the severity of the non-compliance identified. We remain committed to getting genuine charities back on track. When charities’ activities are placing them at risk of breaching the ACNC Act or Regulation, we will often address these matters through the provision of targeted regulatory advice. Our regulatory advice reminds charities of their obligations, the expectations of the ACNC and suggests process or policy changes to prevent future non-compliance. In 2017–18, we provided 28 charities with regulatory advice.

Where a charity’s non-compliance is significant, but the ACNC determines that the charity’s Responsible Persons are willing and able to correct matters, our response may involve a compliance agreement, enforceable undertaking or direction. These are effectively action plans for the charity, and the charity’s progress is monitored to ensure all measures have been implemented. In 2017–18 we entered into more compliance agreements (16), enforceable undertakings (3) and directions (2) than in any previous year.

In situations where we identify an unwillingness or a lack of capability to address serious wrongdoing, we will use our regulatory powers or revoke the charity’s registration. In 2017–18, we revoked the registration of 22 charities following investigation.
Penalties

The ACNC has continued to implement strategies to improve Annual Information Statement submission rates in 2017–18. This included issuing penalty notices to some charities that failed to submit their Annual Information Statements.

In 2017–18, 193 charities received penalty warning letters, prompting 101 charities to immediately submit their Annual Information Statements or, if they were no longer operating, apply to have their registration revoked voluntarily. The charities that submitted their Annual Information Statements in response to the letter reported a combined total of $573 million in assets.

Seventy-eight charities did not submit their outstanding Annual Information Statements and were issued penalties of up to $4,500 each (the maximum penalty for a large charity). The 78 charities that received penalty notices had total combined assets more than $172 million.

Double defaulters

Registered charities are required to submit an Annual Information Statement every year to maintain their charity registration. Charities that have failed to submit two Annual Information Statements are referred to as ‘double defaulters’.

In 2017–18, we notified 306 charities that they had overdue statements and were at risk of having their registration revoked. We made multiple attempts to contact these charities, along with promoting lists of double defaulters on our website.

Thirty-six per cent of double defaulter charities submitted their Annual Information Statements in response to our warnings. The remaining 196 charities had their charity registration revoked. This is a significant improvement on the previous two years, with 1,138 double defaulter charities losing their registration in 2016–17, and an additional 3,810 in 2015–16.

ACNC Compliance Report

At the start of each calendar year we publish an ACNC Compliance Report. This report outlines the compliance activities undertaken by the ACNC, the nature of concerns identified, case studies and the compliance focus for the coming 12 months. The ACNC Compliance Report is available at acnc.gov.au/compliancereport.
Money laundering and terrorism financing risks

In August 2017, the ACNC and Australian Transaction Reports and Analysis Centre (AUSTRAC) released a risk assessment of Australia’s not-for-profit sector. The report, *Australia’s Nonprofit Organisation Sector: Money laundering and terrorism financing risk assessment*, examined approximately 257,000 not-for-profit organisations operating in Australia. The research involved extensive intelligence collection and data matching across government agencies and considered qualitative and quantitative data about the not-for-profit sector, as well as academic research.

The risk assessment identified the main criminal, money laundering and terrorism financing threats facing Australia’s not-for-profit sector. The report found that the risk level for both money laundering and terrorism financing was ‘medium’.

To ensure the risks identified are adequately addressed, we established the Not-for-profit Risk Working Group. The group, which we chair, consists of representatives from AUSTRAC, Australian Federal Police, Australian Crime Commission and the Australian Taxation Office. The ACNC also has a staff member seconded to the Australian Criminal Intelligence Commission to assess a range of concerns that were identified through the National Risk Assessment process.

In May 2018, we became a designated agency under the AML/CTF Act. This change will allow us to have direct access to AUSTRAC data, further enhancing our ability to identify areas of risk.

Financial Action Task Force

Australia is a member of the Financial Action Task Force (FATF), a global inter-governmental body that has developed a series of recommendations to set standards and promote the effective implementation of legal, regulatory and operational measures to combat money laundering, terrorist financing and other related threats to international finance systems.

The FATF monitors the progress of its members in implementing risk identification and mitigation strategies.

*In late June, Australia requested that the FATF provide an interim upgrade to Australia’s compliance with recommendation 8 (which relates specifically to the not-for-profit sector) from non-compliant to largely compliant.*

Australia considers this upgrade appropriate given the significant amount of work being undertaken to better understand, identify and mitigate money laundering and terrorism financing risks in the sector. This work includes the National Risk Assessment of Australia’s Not-for-profit Sector, the establishment of the Not-for-profit Risk Working Group and the improvements to education and targeted outreach to high-risk cohorts.

The FATF is expected to release its decision in relation to this upgrade request in the coming months.
Safeguarding children

In its final report in December 2017, the Royal Commission into Institutional Responses to Child Sexual Abuse set out ten standards for making institutions in Australia safe for children.

The ACNC has been actively engaged as a member of the Implementation Advisory Group to oversee the application of the National Principles for Child Safe Organisations.

The National Principles aim to create environments that protect the safety and wellbeing of children and young adults across all types of organisations. To support this important work, we have coordinated engagement with charity sector representatives and sought feedback from a range of registered charities. This feedback has been provided to the Implementation Advisory Group to assist with the development of tools and resources to support child safe organisations.

Working with partners

We are committed to a whole-of-government approach and work closely with other agencies to share information and determine who is best placed to act on a concern or issue. In 2017–18, we received 167 referrals and made 137 referrals to other government agencies.

In March 2018, the ACNC entered into a Memorandum of Understanding (MoU) with the Department of Prime Minister and Cabinet. The MoU guides collaboration, cooperation and mutual assistance in respect of the statutory functions of each agency. Under the MoU, we have already shared information and intelligence in relation to charities of interest.

The ACNC supports collaboration across jurisdictions by chairing the International Regulators Forum, which is held biennially. The forum allows charity regulators to share risk management strategies and discuss best practice ideas. The forum has representatives from the United States of America, Canada, England and Wales, Scotland, Singapore, New Zealand and Ireland.

The ACNC also chairs a compliance forum with state and territory regulators to discuss emerging compliance issues and develop coordinated responses to address them. This forum ensures that we learn from each other and helps us identify individuals of concern and scams that have crossed jurisdictions.
Collecting, checking and publishing charity data

We gather a range of information from charities.

In addition to a charity’s governing document and contact information, each year charities are required to submit an Annual Information Statement, which collects details of a charity’s activities, beneficiaries, and finances. Medium and large charities are also required to provide reviewed or audited annual financial reports.

This data is used to populate the Charity Register, ensuring that it contains up-to-date information on charities. We also share this information through research reports, the Charity Passport and by publishing data on data.gov.au.

We now have five years’ worth of data, and in the next few years, we plan to use data more effectively by making it more accessible to the public, helping to support transparency and accountability in the charity sector.

Reporting to the ACNC

All registered charities (except those also registered with the Office of the Registrar of Indigenous Corporations) must submit an Annual Information Statement. The statement is generally due within six months of the end of the charity’s reporting period and can be submitted online via the Charity Portal. It can also be submitted on paper, or through a bulk submission or group reporting process.

A charity’s reporting obligation to the ACNC is proportionate to its size, which is determined by its annual revenue.

As at 30 June 2018, 72 per cent of registered charities had lodged their 2017 Annual Information Statement on time. Issues with the ACNC’s website in late May and June (a peak submission period) may have affected the number of on-time submissions.

72% Of registered charities submitted their 2017 annual information statement on time
### Table 4.2: Annual Information Statement and financial report submissions

<table>
<thead>
<tr>
<th></th>
<th>2016 reporting period</th>
<th>2017 reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of Annual Information Statements received by the ACNC</td>
<td>44,568</td>
<td>44,188</td>
</tr>
<tr>
<td>Total number of annual financial reports received by the ACNC</td>
<td>18,140</td>
<td>20,448</td>
</tr>
</tbody>
</table>

### Group reporting

The ACNC is committed to reducing the administrative burden of charities, through the provision of group reporting. This allows a group of registered charities to submit one single group Annual Information Statement and one consolidated financial report (if applicable).

The ACNC assesses all requests for group reporting, ensuring that group reporting does not compromise transparency or our ability to assess compliance.

In 2017–18, there were 267 approved reporting groups comprising 1,283 registered charities, an increase over the previous year’s figure of 232 groups comprising 1,201 charities. Most reporting groups are made up of only two charities.

### Bulk reporting

A bulk Annual Information Statement submission allows for ten or more Annual Information Statements to be submitted on behalf of multiple registered charities, using a single form.
The bulk submission process saves thousands of charities time and money, and we continue to allocate considerable resources to improve it. In 2017–18, we focused on improving the validation and user experience of the form, while also streamlining the entire process.

As at 30 June 2018, there were 80 bulk submitters, who submitted on behalf of 6,131 registered charities.

**Transitional arrangements**

Since the establishment of the ACNC, charities that were required to provide state, territory and Commonwealth regulators with financial reports could submit the same financial report with the ACNC. This arrangement reduces the reporting burden on charities that are required to report to multiple government agencies — an important aspect of our red tape reduction strategy.

In May 2018, the ACNC Commissioner, the Hon Dr Gary Johns, exercised his discretion to allow for the transitional arrangements to be extended to the 2018 and 2019 reporting periods.

**2017 Annual Information Statement**

The online version of the 2017 Annual Information Statement was launched in July 2017 — the earliest launch of an Annual Information Statement since the ACNC was established in December 2012.

The 2017 Annual Information Statement contained additional questions and improvements to functionality and the user experience following extensive consultation with the sector.

Key improvements to the 2017 Annual Information Statement include:

- Easier-to-understand questions, especially those related to charity finances, activities and beneficiaries
- Improved auto-filling and auto-calculation of responses to certain questions, allowing charities to quickly progress through sections of the Annual Information Statement
- The ability for charities to view and update their Responsible Persons as they complete their Annual Information Statement, ensuring their details are up to date
- A new preview function, so charities can check over their responses to the Annual Information Statement before submission
- An improved layout, including a more prominent ‘Submit’ button to ensure charities don’t forget to submit their Annual Information Statement after completion.

Over 900 charities provided feedback on the 2017 Annual Information Statement, which has helped us in developing and improving the 2018 Annual Information Statement.

The 2017 Annual Information Statement Hub contains a comprehensive range of support and guidance materials and aims to make it easier for charities to fulfil their reporting requirements and provide accurate, high-quality and timely information. The Hub is available at acnc.gov.au/2017AIS
Data integrity checks and errors project

It is important for the Charity Register to contain accurate and up-to-date financial information — inaccurate data can lead to a decrease in public trust and confidence in charities.

In 2017–18, we continued to analyse the financial information submitted by charities in Annual Information Statements and annual financial reports to ensure that charities were correctly reporting.

In December 2017, the ACNC finalised our data integrity checks for the 2016 Annual Information Statement. We contacted 1,370 charities, which resulted in over $600 million in revenue and $8.8 billion in assets being corrected on the Charity Register.

In January 2018, we shifted our focus to the 2017 Annual Information Statement and annual financial report. Around 34,500 Annual Information Statements have already been analysed for errors.

As at 30 June 2018, we had contacted 747 charities who have made errors when reporting. To date, charities have corrected over $20 billion in revenue and $354 million of assets, improving the accuracy of the Charity Register.

OVER $20.6 BILLION IN REVENUE
AND $9.2 BILLION IN ASSETS
CORRECTED ON THE CHARITY REGISTER
Open data

We are committed to making the data we collect about charities freely and readily available. The Australian Government’s data sharing website, data.gov.au, provides an easy way to find, access and reuse public datasets from government. The main purpose of the site is to encourage access and use of public data.

In 2017–18 we uploaded the data drawn from the 2016 Annual Information Statements of more than 44,500 registered charities to data.gov.au.

The four Annual Information Statement datasets on data.gov.au have had 20,000 cumulative views. The ACNC registered charities dataset has had 43,000 all-time views and is the seventh most used dataset on data.gov.au.

Update on NSCOA

The National Standard Chart of Accounts (NSCOA) is a free data entry tool and data dictionary for charities and other not-for-profit organisations. All Australian governments (Commonwealth, state and territory) have agreed to accept NSCOA when requesting information from not-for-profits.

In 2017–18, we published our findings of the NSCOA environmental scan. This report discussed the use, awareness and benefits of the NSCOA, and was based on feedback provided by the not-for-profit sector, government agencies and the accounting profession.

Key findings included:

- Respondents want the ACNC to continue its support of the NSCOA
- The NSCOA has a significant base of enthusiastic users and supporters; however, most not-for-profits do not use the NSCOA
- Many not-for-profits have not adopted the NSCOA because they are happy with their existing accounting system.

In response to the environmental scan, the ACNC has developed a strategy for its ongoing support and development of the NSCOA over the short, medium and long term. The implementation of this strategy began in 2017–18 and will continue over the next year.

You can read more about NSCOA at acnc.gov.au/NSCOA
Red tape reduction

As one of the three objects in the ACNC Act, reducing the regulatory burden on the charity sector remains a key focus for us.

This year we continued to work co-operatively with Commonwealth, state and territory regulators to reduce the burden on charities through bilateral agreements and streamlined reporting arrangements.

Our ‘report-once, use often’ approach is supported by the Charity Passport — an online tool which enables government agencies to access charity data directly from the ACNC, reducing the amount of information that charities must provide to other government agencies.

In 2017–18, we focused on reducing the reporting burden for incorporated associations and fundraisers, which culminated in the announcement of streamlined reporting arrangements for incorporated associations in Victoria and New South Wales. We are working closely with other state and territory regulators, and hope to announce further red tape reduction initiatives in 2018–19.

9,000 CHARITIES WILL BENEFIT FROM NEW RED TAPE REDUCTION AGREEMENTS MADE IN 2017–18

Victoria signs on to reduce red tape for registered charities

In June 2018, the ACNC and Consumer Affairs Victoria announced that a streamlined reporting arrangement had been reached for approximately 5,000 charities that are also registered as an incorporated association in Victoria.

This announcement followed years of work and negotiation between the ACNC and Consumer Affairs Victoria.

Commencing from 1 July 2018, charities incorporated in Victoria will report to the ACNC through the Annual Information Statement, and the ACNC will then pass information directly to Consumer Affairs Victoria.

Charities taking part in this arrangement will no longer need to report to Consumer Affairs Victoria, or pay an annual fee, saving both time and money.
Red tape cut for New South Wales charities

In September 2018, a new agreement that reduces the administrative burden on registered charities was signed by New South Wales Fair Trading and the ACNC.

Throughout 2017–18, the ACNC and the New South Wales Government worked together to streamline duplicative reporting requirements for at least 4,000 incorporated associations that are also registered charities.

New South Wales associations will now only be required to submit their annual financial reports to the ACNC. The ACNC will then securely share the data with New South Wales Fair Trading.

“These associations have been spending extra time and money filling out the same forms twice. This new ‘report once’ system will see a reduction in unnecessary regulatory obligations on the charity sector.”

NSW Fair Trading Commissioner
Rose Webb
State and territory red tape reduction progress

In 2017–18 we:

- Continued to actively participate in the Department of Finance grants reform
- Worked with the Department of Education and Training (Commonwealth) to improve the streamlined reporting arrangements for non-government schools
- Continued to promote the Charity Passport. As at 30 June 2018, there were 61 active accounts across 21 government agencies (a 5 per cent increase in government agencies since 30 June 2017, and 31 per cent since 30 June 2016).
The tables below set out our progress with each state and territory government relating to legal structure and fundraising.

**Table 4.3: Red tape reduction — legal structure**

<table>
<thead>
<tr>
<th></th>
<th>Report once</th>
<th>Common audit thresholds</th>
<th>Updating addresses once</th>
<th>Waived fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASIC Companies</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>ORIC Indigenous Corporations</td>
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<td>✓</td>
<td>N/A</td>
</tr>
<tr>
<td>Ancillary Funds</td>
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<td>✓</td>
<td>✓</td>
<td>N/A</td>
</tr>
<tr>
<td>TAS Incorporated Associations</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>SA Incorporated Associations</td>
<td>✓</td>
<td>✓</td>
<td>×</td>
<td>✓</td>
</tr>
<tr>
<td>ACT Incorporated Associations</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>VIC Incorporated Associations</td>
<td>✓</td>
<td>✓</td>
<td>×</td>
<td>✓</td>
</tr>
<tr>
<td>NSW Incorporated Associations</td>
<td>✓</td>
<td>×</td>
<td>×</td>
<td>✓</td>
</tr>
<tr>
<td>WA Incorporated Associations</td>
<td>×</td>
<td>✓</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>NT Incorporated Associations</td>
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<td>In progress</td>
<td>×</td>
<td>In progress</td>
</tr>
<tr>
<td>QLD Incorporated Associations</td>
<td>×</td>
<td>×</td>
<td>×</td>
<td>×</td>
</tr>
</tbody>
</table>

**Table 4.4: Red tape reduction — fundraising**

<table>
<thead>
<tr>
<th></th>
<th>Report once</th>
<th>Common audit thresholds</th>
<th>Exempt from licence</th>
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</thead>
<tbody>
<tr>
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<td>✓</td>
<td>✓*</td>
</tr>
<tr>
<td>ACT</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>TAS</td>
<td>✓</td>
<td>✓</td>
<td>×</td>
</tr>
<tr>
<td>WA</td>
<td>In progress</td>
<td>In progress</td>
<td>×</td>
</tr>
<tr>
<td>VIC</td>
<td>×</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>NSW</td>
<td>×</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>QLD</td>
<td>×</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>NT</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

* Charities must notify their intention to fundraise in SA, but do not apply for a licence.
Working with the Department of Education and Training

With support from the Commonwealth Department of Education and Training (DET), in the last year we have further streamlined reporting arrangements for non-government schools that are also registered charities.

This arrangement minimises duplicated reporting for schools and ensures information is still available on the Charity Register.

Under these arrangements, we publish annual financial reports provided to the DET on the Charity Register, and use information captured in the DET’s Financial Questionnaire to populate the financial data in the Annual Information Statement. This streamlined approach saves non-government schools significant time and resources, while ensuring this economically significant part of the charity sector is transparent and accountable.

In 2018–19, we will continue to work with DET to refine the streamlined reporting arrangements further.

Working with the Australian Accounting Standards Board

The ACNC continued to work collaboratively with the Australian Accounting Standards Board (AASB) to simplify and improve the financial reporting framework.

In 2017–18, the ACNC provided comments to three separate exposure drafts (EDs) issued by the AASB, which were well received by professionals supporting the charity sector:

- ED 281 Accounting Policies and Accounting Estimates — Proposed amendments to AASB 108
- ED 282 Definition of Material — Proposed amendments to AASB 101 AASB 108
- ED 284 Recent Standards — Reduced Disclosure Requirements.

The ACNC also participated in:

- the AASB’s financial reporting project for Australian charities, attending each roundtable session to hear from the sector and its representatives
- the AASB’s project on the revised conceptual framework, which may affect how a charity prepares its financial statement.
Submissions to reviews and inquiries

As part of our work promoting the reduction of unnecessary regulatory obligations for charities, we make submissions to government inquiries, reviews and consultations that affect the not-for-profit sector.

Review of ACNC legislation

In December 2017, the Australian Government released the terms of reference for a review of the ACNC legislation. We made a comprehensive submission to the panel reviewing the legislation. Our submission was informed by our knowledge of the charity sector built up over five years as the charity regulator.

Our submission focused on areas where changes to the regulatory framework would, in our view:

- enhance its effectiveness
- increase the accountability and transparency of charities by ensuring the public has access to relevant information on the Charity Register
- better enable us to achieve the objects of the ACNC Act
- ensure the ACNC Commissioner has sufficient powers to meet those objects.

Our submission was made ahead of the due date and published on our website to give the sector time to consider it. Subsequently, it was referenced in the submissions of other parties.

The final report from the ACNC Legislative Review, titled Strengthening for Purpose: Australian Charities and Not-for-profits Commission Legislative Review 2018 was published on 22 August 2018.

The report, produced by Review Panel Chair Mr Patrick McClure AO and review panel members Ms Su McCluskey, Dr Matthew Turnour and Mr Greg Hammond OAM, made 30 recommendations to strengthen the ACNC’s legislative framework.

The recommendations centered on the ACNC’s objects, functions and powers, the overall regulatory framework, and red tape reduction for charities.

There were many similarities between the ACNC’s submission to the review, and the final recommendations of the Review Panel — particularly in relation to the current secrecy provisions and changes to the ACNC regulations.

The ACNC also welcomed recommendations that encouraged further reductions in regulatory burden — including suggestions to mandate the use of the Charity Passport, and calls for Commonwealth-led reform of fundraising regulation.
Other submissions

**Deductible Gift Recipient reform consultation**

In July 2017, we made a submission to Treasury’s consultation on Tax Deductible Gift Recipient Reform Opportunities. We supported measures that would simplify the Deductible Gift Recipient application process and reduce red tape for charities. After the consultation, in December 2017, the Federal Government announced a series of Deductible Gift Recipient reform measures, designed to strengthen governance and integrity, and reduce complexity, for Deductible Gift Recipients. The ACNC has been working closely with the Commonwealth Treasury, the Australian Taxation Office and other departments to manage the implementation of these reforms.

**Modernising the key business registers**

In September 2017, we made a submission to Treasury on modernising business registry services. We support efforts to modernise the key business registers, provided the measures complement the existing framework in place to reduce the regulatory burden on charities. We also support removing incorrect information about charities from these registers, given the correct information is publicly available on our Charity Register. Further work on modernising business registers will take place in the coming year.

**Electoral Legislation Amendment**

In February 2018, we made a submission to the Joint Standing Committee on Electoral Matters on the Electoral Legislation Amendment (Electoral Funding and Disclosure Reform) Bill. Our view is that the Bill placed an unnecessary regulatory burden on charities registered with the ACNC, among other concerns. The Commissioner appeared before the Committee in February and again in June. The Committee has made several recommendations to the government and we will continue to monitor the Bill’s progress through Parliament. We engaged with the Australian Electoral Commission during the Committee’s deliberations and we will work to ensure charities are aware of any changes to their obligations.

**Technical Review of the CATSI Act**

In October 2017, we made a submission to the Office of the Registrar of Indigenous Corporations (ORIC) on the Technical Review of the Corporations (Aboriginal and Torres Strait Islander) Act 2006 (the CATSI Act Review). We support amendments which would remove any unnecessary regulatory burden on CATSI corporations that are registered charities and encourage alignment with the ACNC’s regulatory framework. Since the review, given that approximately one-third of CATSI corporations are registered charities, we have worked with ORIC to consider possible changes.
Foreign Influence Transparency Scheme Bill

In February 2018, we made a submission to the Parliamentary Joint Committee on Intelligence and Security on the Foreign Influence Transparency Bill. In the submission, we expressed the view that as initially drafted, the Bill would have placed a large regulatory burden on charities. We gave advice to the Committee on the likely effect of the Bill on the charity sector. It has since been modified and enacted. The modifications included an exemption for registered charities meeting certain requirements. We will ensure charities are aware of their obligations as the law comes into effect.

The Australian Securities and Investments Commission Levy Enhancements Bill

In May 2018, we made a submission to the Treasury’s consultation on the Australian Securities and Investments Commission (ASIC) Levy Enhancements Bill. Our submission recommended that charities be exempt from the ASIC levy, as they are primarily regulated by the ACNC. In June, 2018 ASIC announced that charities would be exempt.
Calls and correspondence

Our Advice Services team answered 31,809 phone calls this financial year, compared to 36,086 in 2016–17 and 34,328 the year before.

We believe the reduction in calls this year is largely due to improved messaging in Annual Information Statement reminder letters and emails, improved guidance materials, as well as a reduction in the total number of reminders.

On average, calls were answered within 38 seconds — a significant improvement from 62 seconds in 2016–17 and 52 seconds in 2015–16.

Our busiest month was January 2018, in which we answered 3,999 calls. The most calls we answered on a single day this year was 461, which came on 31 January, the deadline to submit the Annual Information Statement for many charities.

Written correspondence to the ACNC (mostly via email) decreased from 26,191 to 23,375 in this year. As with the reduction in phone calls, we attribute this to our improved Annual Information Statement reminder emails and guidance and charities being more informed of their obligations.

Types of enquiries

The enquiries we receive over the phone and in writing range from seeking assistance to complete the Annual Information Statement and questions about accessing the Charity Portal, to questions about charity law and aspects of charity administration and management.
Reminder letters and emails

In this financial year, we sent reminder letters and emails to charities to encourage them to submit their Annual Information Statement on time. We tailored the reminders according to the past behaviour of charities, which ensured each one received the most effective message. The improvements to our reminders contributed to the reduction in enquiries we received.

Quality assurance and training

Each year we conduct audits on the work of our staff to monitor the quality of our responses and to ensure a first-class service.

The audits involve reviewing the calls and correspondence of each staff member and rating the performance on a scale of 1 to 5 for integrity, correctness and consistency, timeliness and efficiency, and responsiveness. In 2017–18, our staff averaged a rating of 3.64 out of 5.

In 2018-19, we will be working on a long-term learning and development plan for our staff, with an emphasis on improving the quality of our service.

Change in service hours

In March 2018, our phone line operation hours changed from closing at 6.00pm to closing at 5.00pm. The decision to reduce the availability by one hour reflects a reduction in staff numbers. The hour until 6.00pm always received the fewest calls, so the reduction in the service window has had minimum impact on our customers.
Guidance, education and engagement

In 2017–18, we continued to focus on helping charities with their management and governance.

Educating charities not only ensures they meet their obligations to the ACNC, but also helps them operate effectively and efficiently.

We offer charities a wide range of educational materials, including webinars, podcasts, videos, factsheets and guides. We also use our social media channels to provide tips and advice, as well as our regular newsletters, ACNC Quarterly and the Commissioner’s Column.

Webinars

Participation in our free webinars increased dramatically this year, with registrations up by 48 per cent. In total, we had 3,106 webinar registrations across the year, with an average of 207 registrants per webinar.

We presented 15 webinars on a range of topics, including a session for the public on how to donate to legitimate charities. Topics for charities included a joint webinar with the Australian Taxation Office on tax concessions, managing finances, administration costs and how to complete the Annual Information Statement.

You can access past webinars and sign up for future webinars at acnc.gov.au/webinars.
**Podcasts**

The Charity Chat podcast is a new edition to our education suite. Introduced in June 2017, the podcast features ACNC and leading sector experts who share their knowledge with listeners.

We produced 13 episodes this year which were downloaded more than 13,000 times. Podcast episodes included ‘Are there too many charities?’, ‘How can charities get involved in advocacy?’, ‘Do Australians trust charities?’ and ‘How charities work with corporate partners’. In addition to the ACNC’s podcast, CPA Australia’s podcast featured content on charity reporting with our Director of Reporting and Red Tape Reduction, Melville Yates, being a regular guest.

Our podcasts can be accessed at acnc.gov.au/podcast

**Factsheets and guides**

Over the last five years, we have built up a large repository of factsheets and guides for charities. These resources assist people with the complexities of running a charity. In the financial year, we added three new guides:

- **Remunerating charity board members**
  A guide about paying responsible persons for performing their duties

- **Charities operating overseas**
  A guide intended to help people in charities understand and manage risks involved in operating overseas, and their obligations to the ACNC

- **Charities and Corporate Partnerships**
  A factsheet intended to give guidance to charities about establishing corporate partnerships and their obligations to the ACNC

In the coming year, we will focus on reviewing and updating our current guidance to ensure it continues to meet the needs of the charity sector. We have already begun this process with an update of our flagship guide Governance for good — the ACNC’s guide for charity board members, in May 2018.

All guides and factsheets are available at acnc.gov.au/publications.
Charities, elections and advocacy

This year we updated our guide ‘Charities, elections and advocacy’ following lessons learned in investigations. We found that some charities were using their funds to attend political fundraising events without considering the risk of the charity having a disqualifying purpose. The following was included in the updated guide:

Should a charity attend events organised by a political party?

A charity’s representatives should think carefully before deciding to attend an event organised by a political party.

There are a few things to consider:

- What is the charity’s purpose for attending the event? Would attending the event further the charity’s charitable purposes?
- Are the charity’s representatives attending in their own personal capacity or as representatives of the charity? If the charity is funding the attendance fee, the latter will be assumed.
- Has the charity considered how its attendance may be perceived by the public? By attending, the public may infer that the charity is partisan and that it has a purpose of promoting a particular political party or candidate.

- Have the Responsible Persons considered whether allowing attendance at such events is in the best interests of the charity?
- Has the charity ensured that the event is not raising funds for the political party or a candidate for office? If this is not clear, the charity should make enquiries about the nature of event.

Should a charity attend fundraising events for a political party or candidate for office?

Is the event a fundraiser for a political party or candidate? Has the attendance fee been priced to include a surplus for political fundraising purposes?

If yes to either, the charity runs the risk of being found to have a purpose of promoting political party or candidate.

If these matters are not clear, the charity should enquire further about the nature of event.

You can access the full guide at acnc.gov.au/politicaladvocacy
Staying up to date

Every fortnight the ACNC Commissioner writes a column that is emailed to more than 11,000 subscribers. The Commissioner’s Column helps readers stay up to date with ACNC announcements and advice, as well as news from the wider charity sector.

In addition to the Commissioner’s Column, each quarter we publish a newsletter that is sent to every registered charity. This newsletter, ACNC Quarterly, features articles and news, including contributions from other government departments and interviews with registered charities.

We have an active social media presence with accounts on Twitter, LinkedIn, and Facebook. Through these social media channels, we share charity news and resources, celebrate the work of charities and remind them of their obligations to the ACNC and other government agencies. We also give tips to the public on how to donate to legitimate registered charities and encourage donating and volunteering.

Our social media channels have continued to grow over the last year, with an 11 per cent increase in Twitter followers, a 10 per cent increase in LinkedIn group members, and a 10 per cent increase in Facebook page ‘likes’.
Events and meetings

We continued to engage directly with the sector in 2017–18, travelling to metropolitan and regional areas across Australia to meet with charities.

Our Executive team spoke at 60 events in 2017–18, including conferences, roundtable forums and Annual General Meetings. We also participated in 279 stakeholder meetings with charities, sector representatives and peak bodies on a variety of topics important to the charity sector.

In August 2017, we hosted an event in Canberra to discuss the changes made by the Australian Capital Territory Government to reduce red tape and duplicated reporting requirements for registered charities. Charities that are incorporated or fundraise in the Australian Capital Territory now benefit from the scheme, reducing the administrative burden for hundreds of charities.

In March 2018, newly appointed ACNC Commissioner, the Hon Dr Gary Johns, gave his first speech at the CPA Australia NFP Conference in Melbourne. The speech, titled ‘Improving the charity market in Australia: let the data speak’, covered Dr Johns’ vision for the ACNC over the next five years and focused on the importance of data in helping the public understand the work of the charity sector.

In the second half of 2017–18, we saw an increase in one-on-one meetings with charities. The ACNC Commissioner visited charities in Perth, Brisbane, Echuca, Mildura and Shepparton to learn more about their programs and the challenges they face. The Commissioner plans to continue these visits in 2018–19.

Consultation with the sector

We have two established consultative groups that meet throughout the year: the ACNC Sector User Group and the ACNC Professional User Group.

The Sector User Group comprises representatives from peak bodies in the charity sector, ACNC representatives and other government agencies that interact with the charity sector.

The Professional User Group comprises professional advisers, legal and financial officers of charities, ACNC representatives, and invited representatives of other government agencies that interact with the charity sector.

Both groups provide feedback on matters of procedure, policy, strategy, performance and the ACNC’s regulatory approach.

In 2017–18, we convened three meetings of both groups.
The Charity Register and ACNC website

Our website is the primary source of information about charity regulation in Australia. It contains resources to assist with charity registration, meeting legislative obligations, and managing a charity. Our website also provides access to the Charity Register and Charity Portal.

In 2017–18, views of the ACNC website grew from 5.5 million to 7.5 million — an increase of 36 per cent.

The ACNC website also contains information for members of the public, with the Charity Register providing insight into the activities and finances of Australia’s 56,000 registered charities.

Views of listings on the Charity Register in 2017–18 dropped to 1 million, from 1.14 million in 2016–17. However, searches of the Charity Register increased to 900,000, up 19 per cent on the previous year.

As mentioned on page 42, we are in the middle of a large-scale project to upgrade all ACNC IT systems, including the website, Charity Register, and Charity Portal.

Registered Charity Tick

After a successful launch in December 2016, almost a quarter of all registered charities have now downloaded the Registered Charity Tick. The Registered Charity Tick was developed by the ACNC as a way for registered charities to promote their presence on the Charity Register. Charities have welcomed the Registered Charity Tick, putting it on their websites, signage, and collection tins. We have been told its even on the move, with one charity putting it on their van! The use of the Registered Charity Tick increased by 35 per cent in 2017–18, with a total of 12,449 charities proudly displaying it.
Charities Report

The Australian Charities Report 2016 was launched on 6 December 2017. This edition of our annual research report analysed information in the 2016 Annual Information Statements and found that charity revenue had risen to $142.8 billion, with charities spending more than $137 billion pursuing their charitable purposes.

Nearly half of all charity revenue came from membership fees, user-pay services, and other income sources. While charities reported an overall increase in revenue, there was a decrease in donations across the 2016 reporting year, falling from $11.2 billion to $10.5 billion.

In 2017–18, the ACNC released two sub-reports of the Australian Charities Report 2016 — one considering charities that give grants and the other examining the changes in Australia’s charity sector over three years.

Australia’s Grant-making Charities in 2016 found that charities provide more than $4 billion annually in grants and donations to other charities and charitable causes.

Growth and change in Australia’s charities: 2014 to 2016 found that donations and bequests to registered charities grew by almost 15 per cent from 2014 to 2016.

The full Australian Charities Report 2016 and the related sub-reports, including the interactive data cube, are available at australiancharities.acnc.gov.au.

Public trust and confidence

In November 2017, we published our biennial report Public trust and confidence in Australian charities 2017. This edition found that 86 per cent of Australians trusted charities, and 91 per cent support charities through volunteering or donating.

Overall, charities were found to be the fifth most trusted institution in Australia — after doctors, police, the High Court, and the Australian Taxation Office. Women and older Australians were more likely to trust charities; however, the results were high across all age groups.

While charities, generally, remain highly trusted, there was a small increase in the percentage of Australians who reported low trust in charities: 14 per cent in 2017, up from 11 per cent in 2013. This minor increase may be the result of the ACNC publishing the outcomes of its investigations. As public awareness of the ACNC’s role increases, we expect trust in charities will increase.

The report noted that trust in charities was underpinned by transparency, with 76 per cent of respondents stating that it was important to understand how charities use the money they donated.

More than one-fifth of Australians are now aware of the ACNC Charity Register, (21 per cent) up from 18 per cent in 2015; however, use of the Charity Register remains unchanged at seven per cent.

Feedback about the ACNC

Customer feedback is taken seriously at the ACNC.

Complaints and compliments from our customers identify gaps and shortfalls in our service and contribute to our culture of continuous improvement. Our corporate policy Complaints and Compliments about the ACNC outlines our approach to feedback and is available on our website.

Compliments and complaints

In 2017–18, the ACNC received 244 compliments and 1,202 complaints. The positive feedback we received was mostly for our approach to customer service, with many people commenting on our friendly and helpful advice staff.

The complaints we received were largely about our IT systems. The ACNC website and Charity Portal had ongoing issues with the stability, speed and reliability which hindered usage. We understand the frustration this caused and we are working hard to upgrade our IT systems to ensure charities and the public have the best possible experience when engaging with us online. As described on page 42, we are close to launching a new $3 million IT system which will deliver better speeds and functionality.

“The most helpful phone call and advice I’ve had in a long time.”

“Very helpful, friendly, and understanding. It was very refreshing to be on the receiving end of such pleasant and uplifting service.”
External scrutiny of ACNC decisions

Most administrative decisions made by the ACNC are subject to review.

Initially, a review of a decision is conducted internally by the ACNC following an ‘objection’ being lodged by the charity affected by the decision. An internal review decision is known as an ‘objection decision’ under the ACNC Act.

Court appeal

If a charity or its Responsible Person is dissatisfied with an AAT decision, they can apply for further review by the Federal Court on questions of law. A charity or its Responsible Person can also appeal objection decisions directly to the Federal Court. In 2017–18, the ACNC was not the subject of any court appeals.

Administrative Appeals Tribunal decision

If a charity or Responsible Person is dissatisfied with the ACNC’s objection decision, they can apply for a review by the Administrative Appeals Tribunal (AAT).

On 4 December 2017, the AAT affirmed the decision of the ACNC that the Waubra Foundation was not entitled to be registered as a Health Promotion Charity or entitled to the subtype of promoting or protecting human rights. This decision is the AAT’s first on the ACNC Act and the Charities Act. The ACNC welcomed the Tribunal’s decision, and the clarification it provided.

Freedom of Information

In 2017–18, we received 27 requests for documents under the FOI Act. Within this period, 26 requests were finalised.

Table 4.5: FOI outcomes for the last five years

<table>
<thead>
<tr>
<th>FOI Outcomes</th>
<th>2017–18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full access provided</td>
<td>1</td>
</tr>
<tr>
<td>Partial access provided</td>
<td>5</td>
</tr>
<tr>
<td>Refused access to documents</td>
<td>11</td>
</tr>
<tr>
<td>Transferred request to another agency</td>
<td>0</td>
</tr>
<tr>
<td>Withdrawn</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>26</td>
</tr>
</tbody>
</table>
Under Part II of the FOI Act, the ACNC is required to publish information as part of the Information Publication Scheme (IPS). Each agency must display on its website a plan showing the information it publishes in accordance with the IPS requirements. The ACNC has an IPS page available at acnc.gov.au/IPS.

Our policies and procedures

In 2018 we updated our policy framework, which simplified the document while maintaining our thorough approach to managing policies and procedures.

In October 2017, we updated three compliance-related operational procedures:

- Information gathering powers
- Referrals and information exchange
- Monitoring powers.

These documents were published on our website in November 2017.

The Commissioner’s Policy Statement Withholding or removing information from the ACNC Register was updated to include our capacity to withhold information and the clarification of key terms.

We published a new Commissioner’s Policy Statement Financial reporting scaffolding policy. This policy outlines the principles that guide our participation in discussions about financial reporting.

The Commissioner’s Policy Statement Provision of non-binding advice was retired. The ACNC is not legislated to provide non-binding advice and with ongoing limited resources a decision was made that the ACNC would no longer provide this service.
Corporate governance

The Commissioner

The ACNC Commissioner is a statutory office holder. The Hon Dr Gary Johns was appointed Commissioner of the ACNC on 1 December 2017 for a five-year term. The ACNC Act (Part 5–2) provides for the establishment of the Commissioner’s position, functions and powers, including terms and conditions of appointment.

Internal governance and risk management

Our governance framework provides for effective governance and risk management, informed decision-making, and professional performance accountability. Our internal governance practices and structures ensure we meet the principles and requirements of the PGPA Act.

The ACNC Commissioner sets the direction and priorities of the agency and produces an ACNC Corporate Plan and annual performance statements — which are available in this report on pages 28 to 36.

Management of risk is built into our practices as an essential component of sound management and good corporate governance.

Our Enterprise Risk Management Framework and guidelines were reviewed in 2017 and are based on the Australian/New Zealand International Standard on Risk Management (AS/NZS ISO 31000:2009). They align with the Commonwealth Risk Management Policy.

The ACNC comprises eight directorates as well as the Executive. Each directorate has quality assurance processes in place and documents its activities through business reporting obligations.

The Commissioner of Taxation is the Accountable Authority for the ACNC. The Australian Taxation Office’s annual report includes information regarding fraud prevention as required by section 10 of the Public Governance, Performance and Accountability Rule 2014.

Financial management

For the purposes of the PGPA Act, the ACNC is listed as a program of the Australian Taxation Office. Division 125 of the ACNC Act established an ACNC Special Account, which is an appropriation mechanism that sets aside an amount within the Consolidated Revenue Fund to be expended for the purposes of the ACNC Act. The balance of the Special Account does not lapse at the end of the annual appropriation period.

The ACNC Special Account is administered in accordance with the Department of Finance guidelines.

The Australian Taxation Office assists the ACNC by providing financial and taxation management services under these arrangements via a Memorandum of Understanding.

We manage our financial affairs within the Department of Finance guidelines and Australian Taxation Office protocols.
The ACNC’s 2017–18 budget was $16.57 million. This consisted of an appropriation of $14.39 million, and an allocation of $2.18 million of previously unspent funds from the Special Account. In addition to our operating budget, the ACNC was also allocated $2.97 million in New Policy Proposal funding by the Federal Government for the System Upgrade Program, and $98,755 in Departmental Capital Budget by the Australian Taxation Office for other IT projects (a total of $3.07 million).

The ACNC’s operating expenditure for 2017–18 was $15.85 million. The ACNC also spent $1.34 million of our New Policy Proposal funding and the full Departmental Capital Budget ($98,775).

Table 4.7 sets out the ACNC’s expenditure for 2017–18 by cost centre, which align to the directorates within the organisation. The Australian Taxation Office prepares annual financial statements in accordance with subsection 43(4) of the Act, which includes the ACNC’s financial information.

### Table 4.6: Direct expenditure by cost centre, 2017–18

<table>
<thead>
<tr>
<th>Cost centre</th>
<th>Staff costs $’000</th>
<th>Supplier costs $’000</th>
<th>Total $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACNC Advisory Board</td>
<td>19</td>
<td>223</td>
<td>242</td>
</tr>
<tr>
<td>Advice Services</td>
<td>1,301</td>
<td>185</td>
<td>1,486</td>
</tr>
<tr>
<td>Compliance</td>
<td>1,820</td>
<td>55</td>
<td>1,875</td>
</tr>
<tr>
<td>Corporate Services</td>
<td>373</td>
<td>1,856</td>
<td>2,229</td>
</tr>
<tr>
<td>Education and Public Affairs</td>
<td>964</td>
<td>101</td>
<td>1,065</td>
</tr>
<tr>
<td>Executive and support staff</td>
<td>1,228</td>
<td>159</td>
<td>1,387</td>
</tr>
<tr>
<td>Information Technology</td>
<td>1,200</td>
<td>1,873</td>
<td>3,073</td>
</tr>
<tr>
<td>Legal and Policy</td>
<td>764</td>
<td>282</td>
<td>1,046</td>
</tr>
<tr>
<td>Registration</td>
<td>2,694</td>
<td>4</td>
<td>2,698</td>
</tr>
<tr>
<td>Reporting and Red Tape Reduction</td>
<td>658</td>
<td>93</td>
<td>751</td>
</tr>
<tr>
<td>Total</td>
<td>11,021</td>
<td>4,831</td>
<td>15,852</td>
</tr>
</tbody>
</table>

**Compliance reporting**

We did not have any spending breaches in the 2017–18 financial year.

**Asset management**

The ACNC has its own appropriation which provides financial transparency. Our assets are managed in accordance with the Australian Taxation Office’s policies and are reported in its financial statements.
Purchasing and consultancies

The ACNC makes decisions regarding its budget planning independently of the Australian Taxation Office. The goods and services required to support our operations are purchased using Australian Taxation Office’s procurement policies and processes, in line with the requirements of the PGPA Act. This includes consultancies, contractors, travel, information technology, legal and advertising. Procurement details are included in the Australian Taxation Office’s annual report. All contracts provide for the Auditor-General to have access to the contractor’s premises.

During 2017–18, five new consultancy contracts were entered into involving total actual expenditure of $351,174. In addition, one existing consultancy contract was active during the period, involving actual expenditure of $117,262.

The main categories for consultants were ‘information and communication technology’ and ‘digital consulting’.

Information on the value of contracts and consultancies is available on the AusTender website. Further details on other procurement are included in the Australian Taxation Office’s annual report.

Procurement initiatives to support small business

The ACNC supports small business participation in the Commonwealth Government procurement market.

We ensure that procurements are communicated in clear language and presented in an accessible format and do not unfairly discriminate against small and medium enterprises.

The ACNC recognises the importance of ensuring that small businesses are paid on time. We use electronic systems and corporate credit cards to facilitate timely payment to suppliers.

The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website. Small and medium enterprise participation statistics are available on the Department of Finance’s website.

Advertising

We did not conduct any advertising campaigns in the 2017–18 financial year.

Grants

We did not award any grants in the 2017–18 financial year.
Our people

Located in Melbourne, we are proud to have a diverse workforce that understands our vision and purpose and is made up of people who are committed to achieving our Corporate Priorities.

We work hard to attract and retain talented staff. We employ staff with experience or knowledge of the charity and not-for-profit sector, as well as regulatory expertise. We promote a people-centred culture that models our values and understands our vision and purpose.

Our Culture Plan helps us to foster and maintain a positive workplace invested in the professional learning and development of its staff. We undertake an annual staff survey that allows us to gauge the success of our culture principles.

In 2017–18, we developed a plan for improving the way we deliver learning and development for all staff. This will be implemented in 2018–19.

ACNC leadership team
**ACNC staff**

As at 30 June 2018 the ACNC full time equivalent (FTE) staff number was 101.51

<table>
<thead>
<tr>
<th>Directorate</th>
<th>FTE Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advice Services</td>
<td>16.80</td>
</tr>
<tr>
<td>Compliance</td>
<td>16.60</td>
</tr>
<tr>
<td>Corporate Services</td>
<td>5.53</td>
</tr>
<tr>
<td>Education and Public Affairs</td>
<td>8.56</td>
</tr>
<tr>
<td>Executive</td>
<td>7.00</td>
</tr>
<tr>
<td>Information Technology</td>
<td>11.58</td>
</tr>
<tr>
<td>Legal and Policy</td>
<td>4.53</td>
</tr>
<tr>
<td>Registration</td>
<td>26.91</td>
</tr>
<tr>
<td>Reporting and Red Tape Reduction</td>
<td>4.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>101.51</strong></td>
</tr>
</tbody>
</table>

**Table 4.8: ACNC staff — employee type**

<table>
<thead>
<tr>
<th>Employee type</th>
<th>Headcount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory appointee</td>
<td>1</td>
</tr>
<tr>
<td>Ongoing full time</td>
<td>84</td>
</tr>
<tr>
<td>Ongoing part time</td>
<td>15</td>
</tr>
<tr>
<td>Non-ongoing — full time</td>
<td>4</td>
</tr>
<tr>
<td>Non-ongoing — part time</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>105</strong></td>
</tr>
</tbody>
</table>

**Table 4.9: ACNC staff — classification level and gender**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Classification</th>
<th>Headcount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>APS4</td>
<td>10</td>
</tr>
<tr>
<td>Male</td>
<td>APS4</td>
<td>8</td>
</tr>
<tr>
<td>Female</td>
<td>APS5</td>
<td>18</td>
</tr>
<tr>
<td>Male</td>
<td>APS5</td>
<td>5</td>
</tr>
<tr>
<td>Female</td>
<td>APS6</td>
<td>20</td>
</tr>
<tr>
<td>Male</td>
<td>APS6</td>
<td>12</td>
</tr>
<tr>
<td>Female</td>
<td>EL1</td>
<td>12</td>
</tr>
<tr>
<td>Male</td>
<td>EL1</td>
<td>8</td>
</tr>
<tr>
<td>Female</td>
<td>EL2</td>
<td>4</td>
</tr>
<tr>
<td>Male</td>
<td>EL2</td>
<td>3</td>
</tr>
<tr>
<td>Female</td>
<td>EL2H</td>
<td>1</td>
</tr>
<tr>
<td>Male</td>
<td>EL2H</td>
<td>1</td>
</tr>
<tr>
<td>Female</td>
<td>SES1</td>
<td>1</td>
</tr>
<tr>
<td>Male</td>
<td>SES1</td>
<td>1</td>
</tr>
<tr>
<td>Male</td>
<td>SES2</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>105</strong></td>
</tr>
</tbody>
</table>

We promote a people-centred culture that models our values and understands our vision and purpose.
Diversity and inclusion

Our workforce is diverse, inclusive, and representative of the sector we regulate.

We promote an environment where the cultures, backgrounds, and experiences of our employees are recognised and valued.

We champion the removal of barriers to ensure all employees can reach their full potential in the workplace. We provide a supportive and adaptable work environment to allow our employees to balance work, family and caring responsibilities.

We strive to be a leader in diversity and inclusion in the Australian Public Service. This commitment is represented by all our employees, and collectively we are ethical, respectful and supportive.

Indigenous staff

We aim to maintain a minimum of two Aboriginal Liaison Officer positions and endeavour to achieve Aboriginal and Torres Strait Islander (ATSI) staffing levels that reflect the proportion of registered charities that are ATSI-controlled (approximately five per cent), as referenced in the ATSI Communities Engagement Strategy Action Plan.

As at the 30 June 2018, we have two ongoing staff members that identify as Indigenous Australians. We also employ one Indigenous staff member through the Evergreen Advancement Program.

Through Indigenous cultural awareness training and our ATSI Communities Engagement Strategy we have maintained our ability to deliver a tailored service to this community and reinforced a workplace culture that understands and values the contribution of Indigenous Australians.

Evergreen Indigenous Advancement Program

We participate in the Australian Taxation Office’s Evergreen Advancement program as part of an ongoing commitment to increase the representation of Indigenous Australians in the workforce.

The program offers an opportunity to develop professional and technical skills in the Australian Public Service on a full-time basis. It encompasses training and work placement opportunities designed to develop skills and provide a gateway to a dynamic and rewarding career in the Australian Public Service.

In 2017–18, one Evergreen Indigenous Cadet joined the ACNC to complete a nine-month placement within the Advice Services team.

Staff with a disability

The ACNC uses and supports the Australian Taxation Office’s Diversity and Inclusion Plan 2017–19, outlining our commitment to improve employment outcomes, retention, development opportunities and career progression for employees with a disability.

In the 2018 Australian Public Service Census, five per cent of ACNC staff identified as having a disability, maintaining the figure from 2017.

Staff retention and recruitment

In 2017–18, our staff retention rate was 77 per cent. This was a decrease compared to the 2016–17 rate of 86 per cent. This may be related to resource limitations within the ACNC — only filling critical vacancies, and increased mobility and opportunities across the Australian Public Service.
Training

In 2017–18 we focused on providing our staff with a range of targeted training courses. We participated in training sessions on cultural awareness provided by Evolve Communities. This involved a full day of training for new staff and two single days of advanced training for staff who had already completed the introductory session held in the previous financial year.

In addition to the group training, staff members also attended individual learning and development courses.

Table 4.11 outlines the learning and development programs that ACNC staff participated in over the financial year.

Table 4.10: 2017–18 learning and development programs

<table>
<thead>
<tr>
<th>Course</th>
<th>Provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active Listening Collaborating Workshop</td>
<td>Andy Balloch</td>
</tr>
<tr>
<td>Business and Professional Writing Skills</td>
<td>Australian Human Resources Institute</td>
</tr>
<tr>
<td>Cross Cultural Awareness Training</td>
<td>Evolve Communities</td>
</tr>
<tr>
<td>Dealing with Difficult Customers</td>
<td>Odyssey Training</td>
</tr>
<tr>
<td>Investigation Techniques Training</td>
<td>Above and Beyond Training</td>
</tr>
<tr>
<td>Leading Through Change</td>
<td>Australian Human Resources Institute</td>
</tr>
<tr>
<td>Maintaining Wellbeing Training</td>
<td>Odyssey Training</td>
</tr>
<tr>
<td>Perspectives on Charity Law and Regulation in New Zealand</td>
<td>Charity Law Association of Australia and New Zealand</td>
</tr>
<tr>
<td>Practical Risk Management: More than just ticking boxes</td>
<td>Comcover</td>
</tr>
<tr>
<td>Pride in Practice — The Australian LGBTI Inclusion Conference</td>
<td>AIDS Council of NSW</td>
</tr>
</tbody>
</table>
Reward and recognition

Our reward and recognition program is part of the performance review cycle. The program is intended to positively influence employees by highlighting exceptional performance. Several informal awards are also available to recognise employee contributions throughout the year.

These include ‘employee of the moment’ recognition and ‘thank you’ cards.

The 2017–18 formal reward and recognition program received sixteen nominations, with the five winners announced at our all-staff ‘Town Hall’ meeting on 2 March 2018.

We reviewed the reward and recognition program to ensure it continues to meet its overall intent. A set of recommendations on how to improve the program was endorsed and will be implemented in 2018–19.

Enterprise agreement

The ACNC operates under the Australian Taxation Office’s Enterprise Agreement 2017, which complies with the Australian Public Service bargaining framework. It aims to promote efficiency and effectiveness, to contribute to achieving the organisations policy and program outcomes, and to enhance the quality of employees’ work-life balance. The terms, conditions and outcomes of these arrangements are provided in the Australian Taxation Office’s annual report.

Table 4.11: The salary ranges available for ACNC employees by classification level at 30 June 2018

<table>
<thead>
<tr>
<th>Classification</th>
<th>Lower</th>
<th>Upper</th>
</tr>
</thead>
<tbody>
<tr>
<td>APS1</td>
<td>$46,267</td>
<td>$51,497</td>
</tr>
<tr>
<td>APS2</td>
<td>$52,728</td>
<td>$58,437</td>
</tr>
<tr>
<td>APS3</td>
<td>$60,013</td>
<td>$64,746</td>
</tr>
<tr>
<td>APS4</td>
<td>$66,852</td>
<td>$72,557</td>
</tr>
<tr>
<td>APS5</td>
<td>$74,527</td>
<td>$79,008</td>
</tr>
<tr>
<td>APS6</td>
<td>$80,468</td>
<td>$92,391</td>
</tr>
<tr>
<td>Executive level 1</td>
<td>$103,071</td>
<td>$111,273</td>
</tr>
<tr>
<td>Executive level 2</td>
<td>$124,041</td>
<td>$147,752</td>
</tr>
</tbody>
</table>

SES agreements

The Commissioner’s remuneration is determined by the Remuneration Tribunal. Other ACNC Executive remuneration arrangements adhere to the Australian Taxation Office’s Senior Executive Service guidelines and are set out in its annual report.

ACNC Advisory Board member remuneration

The ACNC’s Advisory Board members are appointed by the Treasurer, and remuneration is determined by the Remuneration Tribunal. Further information can be found on the Australian Government Remuneration Tribunal website at remtribunal.gov.au.
APPENDICES

APPENDIX A — PGPA
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REQUIREMENTS FOR 2017–18 88

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APPENDIX C — ECOLOGICALLY
SUSTAINABLE DEVELOPMENT AND
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# Appendix A — PGPA Rule annual report requirements for 2017–18

The list below sets out requirements for non-corporate Commonwealth entities to include in their annual reports for the 2017–18 reporting period. Page references for where the requirements are located in this report are provided for ease of reader access.

<table>
<thead>
<tr>
<th>PGPA Rule Reference</th>
<th>Part of Report</th>
<th>Description</th>
<th>Requirement</th>
<th>Page Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>17AD(g)</td>
<td>Letter of transmittal</td>
<td>A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.</td>
<td>Mandatory</td>
<td>iii</td>
</tr>
<tr>
<td>17AI</td>
<td>Aids to access</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17AJ(a)</td>
<td>Table of contents.</td>
<td></td>
<td>Mandatory</td>
<td>1</td>
</tr>
<tr>
<td>17AJ(b)</td>
<td>Alphabetical index.</td>
<td></td>
<td>Mandatory</td>
<td>100</td>
</tr>
<tr>
<td>17AJ(c)</td>
<td>Glossary of abbreviations and acronyms.</td>
<td></td>
<td>Mandatory</td>
<td>98</td>
</tr>
<tr>
<td>17AJ(d)</td>
<td>List of requirements.</td>
<td></td>
<td>Mandatory</td>
<td>88</td>
</tr>
<tr>
<td>17AJ(e)</td>
<td>Details of contact officer.</td>
<td></td>
<td>Mandatory</td>
<td>97</td>
</tr>
<tr>
<td>17AJ(f)</td>
<td>Entity’s website address.</td>
<td></td>
<td>Mandatory</td>
<td>97</td>
</tr>
<tr>
<td>17AJ(g)</td>
<td>Electronic address of report.</td>
<td></td>
<td>Mandatory</td>
<td>97</td>
</tr>
<tr>
<td>17AD(a)</td>
<td>Review by accountable authority</td>
<td>A review by the accountable authority of the entity.</td>
<td>Mandatory</td>
<td>4</td>
</tr>
<tr>
<td>PGPA Rule Reference</td>
<td>Part of Report</td>
<td>Description</td>
<td>Requirement</td>
<td>Page Reference</td>
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</tr>
<tr>
<td>17AD(b)</td>
<td>Overview of the entity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17AE(1)(a)(i)</td>
<td>A description of the role and functions of the entity.</td>
<td>Mandatory</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>17AE(1)(a)(ii)</td>
<td>A description of the organisational structure of the entity.</td>
<td>Mandatory</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>17AE(1)(a)(iii)</td>
<td>A description of the outcomes and programmes administered by the entity.</td>
<td>Mandatory</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>17AE(1)(a)(iv)</td>
<td>A description of the purposes of the entity as included in corporate plan.</td>
<td>Mandatory</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>17AE(1)(b)</td>
<td>An outline of the structure of the portfolio of the entity.</td>
<td>Portfolio departments — mandatory</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>17AE(2)</td>
<td>Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.</td>
<td>If applicable, Mandatory</td>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>

| 17AD(c)             | Report on the Performance of the entity | |

**Annual performance Statements**

| 17AD(c)(i); 16F     | Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule. | Mandatory | 27 |

**Report on Financial Performance**

<p>| 17AF(1)(a)          | A discussion and analysis of the entity's financial performance. | Mandatory | 78 |
| 17AF(1)(b)          | A table summarising the total resources and total payments of the entity. | Mandatory | 79 |
| 17AF(2)             | If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results. | If applicable, Mandatory | N/A |</p>
<table>
<thead>
<tr>
<th>PGPA Rule Reference</th>
<th>Part of Report</th>
<th>Description</th>
<th>Requirement</th>
<th>Page Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>17AD(d)</td>
<td>Management and Accountability</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Corporate Governance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17AG(2)(a)</td>
<td>Information on compliance with section 10 (fraud systems).</td>
<td>Mandatory</td>
<td>78</td>
<td></td>
</tr>
<tr>
<td>17AG(2)(b)(i)</td>
<td>A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.</td>
<td>Mandatory</td>
<td>78</td>
<td></td>
</tr>
<tr>
<td>17AG(2)(b)(ii)</td>
<td>A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.</td>
<td>Mandatory</td>
<td>78</td>
<td></td>
</tr>
<tr>
<td>17AG(2)(b)(iii)</td>
<td>A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.</td>
<td>Mandatory</td>
<td>78</td>
<td></td>
</tr>
<tr>
<td>17AG(2)(c)</td>
<td>An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.</td>
<td>Mandatory</td>
<td>78</td>
<td></td>
</tr>
<tr>
<td>17AG(2)(d) – (e)</td>
<td>A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.</td>
<td>If applicable, Mandatory</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>External Scrutiny</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17AG(3)</td>
<td>Information on the most significant developments in external scrutiny and the entity’s response to the scrutiny.</td>
<td>Mandatory</td>
<td>76</td>
<td></td>
</tr>
<tr>
<td>17AG(3)(a)</td>
<td>Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.</td>
<td>If applicable, Mandatory</td>
<td>76</td>
<td></td>
</tr>
<tr>
<td>17AG(3)(b)</td>
<td>Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.</td>
<td>If applicable, Mandatory</td>
<td>63</td>
<td></td>
</tr>
<tr>
<td>PGPA Rule Reference</td>
<td>Part of Report</td>
<td>Description</td>
<td>Requirement</td>
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</tr>
<tr>
<td>17AG(3)(c)</td>
<td></td>
<td>Information on any capability reviews on the entity that were released during the period.</td>
<td>If applicable, Mandatory</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Management of Human Resources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17AG(4)(a)</td>
<td></td>
<td>An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.</td>
<td>Mandatory</td>
<td>84</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Statistics on the entity’s APS employees on an ongoing and non-ongoing basis; including the following:</td>
<td>Mandatory</td>
<td>81–83</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Statistics on staffing classification level;</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Statistics on full-time employees;</td>
<td></td>
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<td></td>
<td></td>
<td>• Statistics on part-time employees;</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>• Statistics on gender;</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Statistics on staff location;</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Statistics on employees who identify as Indigenous.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17AG(4)(c)</td>
<td></td>
<td>Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the Public Service Act 1999.</td>
<td>Mandatory</td>
<td>85</td>
</tr>
<tr>
<td>17AG(4)(c)(i)</td>
<td></td>
<td>Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).</td>
<td>Mandatory</td>
<td>85</td>
</tr>
<tr>
<td>17AG(4)(c)(ii)</td>
<td></td>
<td>The salary ranges available for APS employees by classification level.</td>
<td>Mandatory</td>
<td>85</td>
</tr>
<tr>
<td>17AG(4)(c)(iii)</td>
<td></td>
<td>A description of non-salary benefits provided to employees.</td>
<td>Mandatory</td>
<td>85</td>
</tr>
<tr>
<td>17AG(4)(d)(i)</td>
<td></td>
<td>Information on the number of employees at each classification level who received performance pay.</td>
<td>If applicable, Mandatory</td>
<td>N/A</td>
</tr>
<tr>
<td>17AG(4)(d)(ii)</td>
<td></td>
<td>Information on aggregate amounts of performance pay at each classification level.</td>
<td>If applicable, Mandatory</td>
<td>N/A</td>
</tr>
<tr>
<td>17AG(4)(d)(iii)</td>
<td></td>
<td>Information on the average amount of performance payment, and range of such payments, at each classification level.</td>
<td>If applicable, Mandatory</td>
<td>N/A</td>
</tr>
<tr>
<td>PGPA Rule Reference</td>
<td>Part of Report</td>
<td>Description</td>
<td>Requirement</td>
<td>Page Reference</td>
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</tr>
<tr>
<td>17AG(4)(d)(iv)</td>
<td></td>
<td>Information on aggregate amount of performance payments.</td>
<td>If applicable, Mandatory</td>
<td>N/A</td>
</tr>
<tr>
<td>17AG(5)</td>
<td></td>
<td>An assessment of effectiveness of assets management where asset management is a significant part of the entity’s activities.</td>
<td>If applicable, mandatory</td>
<td>79</td>
</tr>
<tr>
<td>17AG(6)</td>
<td></td>
<td>An assessment of entity performance against the Commonwealth Procurement Rules.</td>
<td>Mandatory</td>
<td>80</td>
</tr>
<tr>
<td>17AG(7)(a)</td>
<td></td>
<td>A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).</td>
<td>Mandatory</td>
<td>80</td>
</tr>
<tr>
<td>17AG(7)(b)</td>
<td></td>
<td>A statement that “During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of $[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of $[specified million].”</td>
<td>Mandatory</td>
<td>80</td>
</tr>
<tr>
<td>17AG(7)(c)</td>
<td></td>
<td>A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.</td>
<td>Mandatory</td>
<td>80</td>
</tr>
<tr>
<td>17AG(7)(d)</td>
<td></td>
<td>A statement that “Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.”</td>
<td>Mandatory</td>
<td>80</td>
</tr>
<tr>
<td>PGPA Rule Reference</td>
<td>Part of Report</td>
<td>Description</td>
<td>Requirement</td>
<td>Page Reference</td>
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<td>---------------------</td>
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</tr>
<tr>
<td>17AG(8)</td>
<td>Australian National Audit Office Access Clauses</td>
<td>If an entity entered into a contract with a value of more than $100 000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor’s premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.</td>
<td>If applicable, Mandatory</td>
<td>80</td>
</tr>
<tr>
<td>17AG(9)</td>
<td>Exempt contracts</td>
<td>If an entity entered into a contract or there is a standing offer with a value greater than $10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.</td>
<td>If applicable, Mandatory</td>
<td>N/A</td>
</tr>
<tr>
<td>17AG(10)(a)</td>
<td>Small business</td>
<td>A statement that “[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.”</td>
<td>Mandatory</td>
<td>80</td>
</tr>
<tr>
<td>17AG(10)(b)</td>
<td></td>
<td>An outline of the ways in which the procurement practices of the entity support small and medium enterprises.</td>
<td>Mandatory</td>
<td>80</td>
</tr>
<tr>
<td>17AG(10)(c)</td>
<td></td>
<td>If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”</td>
<td>If applicable, Mandatory</td>
<td>80</td>
</tr>
<tr>
<td>PGPA Rule Reference</td>
<td>Part of Report</td>
<td>Description</td>
<td>Requirement</td>
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<td>---------------------</td>
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</tr>
<tr>
<td>17AD(e)</td>
<td></td>
<td>Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.</td>
<td>Mandatory</td>
<td>79</td>
</tr>
<tr>
<td>17AD(f)</td>
<td>Other Mandatory Information</td>
<td>If the entity conducted advertising campaigns, a statement that “During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”</td>
<td>If applicable, Mandatory</td>
<td>N/A</td>
</tr>
<tr>
<td>17AH(1)(a)(ii)</td>
<td></td>
<td>If the entity did not conduct advertising campaigns, a statement to that effect.</td>
<td>If applicable, Mandatory</td>
<td>80</td>
</tr>
<tr>
<td>17AH(1)(b)</td>
<td></td>
<td>A statement that “Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].”</td>
<td>If applicable, Mandatory</td>
<td>80</td>
</tr>
<tr>
<td>17AH(1)(c)</td>
<td></td>
<td>Outline of mechanisms of disability reporting, including reference to website for further information.</td>
<td>Mandatory</td>
<td>83</td>
</tr>
<tr>
<td>17AH(1)(d)</td>
<td></td>
<td>Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found.</td>
<td>Mandatory</td>
<td>77</td>
</tr>
<tr>
<td>17AH(1)(e)</td>
<td></td>
<td>Correction of material errors in previous annual report.</td>
<td>If applicable, mandatory</td>
<td>N/A</td>
</tr>
<tr>
<td>17AH(2)</td>
<td></td>
<td>Information required by other legislation.</td>
<td>Mandatory</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Appendix B — Information referred to other government agencies

Under subdivision 150-C (section 150-40) of the ACNC Act, the ACNC may disclose protected information to an Australian government agency if:

- the ACNC is satisfied the information will enable or assist the agency to perform or exercise any of the functions or powers of the agency
- the disclosure is for the purposes of enabling or assisting the agency to perform or exercise any of its functions or powers, and
- the disclosure is reasonably necessary to promote the objects of this Act.

In 2017–18, we made 137 referrals to other government agencies where our staff considered that the legislation of the other agency may allow it to act.

The ACNC also shares information with other government agencies through a number of data-sharing arrangements. These include:

- Charity registrations and revocations of charity registration are shared with the Australian Taxation Office
- Charity data, including reporting information relating to Incorporated Associations in South Australia, Tasmania and the Australian Capital Territory, is shared with the relevant state and territory regulator
- Charity data, including reporting information relating to charitable fundraisers in South Australia, is shared with Consumer and Business Services
- Changes to charities that are incorporated companies are shared with the Australian Securities and Investments Commission.
Appendix C — Ecologically sustainable development and environmental performance

The ACNC’s facilities and assets are provided by the Australian Taxation Office under various agreements, including financial arrangements. The ACNC adopts the Australian Taxation Office’s environmental policies and its environmental performance is included in its annual report.
Appendix D — Contact details

Mail
Director, Advice, Education and Public Affairs
Australian Charities and Not-for-profits Commission
GPO Box 5108
Melbourne VIC 3001

Phone
13 22 62

Fax
1300 232 569

Email
advice@acnc.gov.au

Website
acnc.gov.au
# Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AASB</td>
<td>Australian Accounting Standards Board</td>
</tr>
<tr>
<td>AAT</td>
<td>Administrative Appeals Tribunal</td>
</tr>
<tr>
<td>AC</td>
<td>Companion of the Order of Australia</td>
</tr>
<tr>
<td>ACNC</td>
<td>Australian Charities and Not-for-profits Commission</td>
</tr>
<tr>
<td>ACNC Act</td>
<td>Australian Charities and Not-for-Profits Commission Act 2012 (Cth)</td>
</tr>
<tr>
<td>Annual Information Statement</td>
<td>The form that charities use to report the required information to the ACNC</td>
</tr>
<tr>
<td>ASIC</td>
<td>The Australian Securities and Investments Commission</td>
</tr>
<tr>
<td>ATO</td>
<td>Australian Taxation Office</td>
</tr>
<tr>
<td>ATSI</td>
<td>Aboriginal and Torres Strait Islander</td>
</tr>
<tr>
<td>APS</td>
<td>Australian Public Service</td>
</tr>
<tr>
<td>AUSTRAC</td>
<td>Australian Transaction Reports and Analysis Centre</td>
</tr>
<tr>
<td>Board</td>
<td>ACNC Advisory Board</td>
</tr>
<tr>
<td>CATSI Act</td>
<td>The Corporations (Aboriginal and Torres Strait Islander) Act 2006</td>
</tr>
<tr>
<td>Charity</td>
<td>An entity defined in section 5 of the Charities Act. Broadly speaking, a not-for-profit entity that has charitable purposes for the public benefit, that does not have any disqualifying purposes and that is not an individual, political party or a government entity (see also Registered charity)</td>
</tr>
<tr>
<td>Charities Act</td>
<td>Charities Act 2013 (Cth)</td>
</tr>
<tr>
<td>Charity Passport</td>
<td>A ‘once-only’ collection of information by the ACNC that other government agencies recognise as accurate; use for identification and data exchange; and accept to meet their reporting requirements, thus facilitating the ACNC’s ‘report once, use often’ approach</td>
</tr>
<tr>
<td>Glossary Item</td>
<td>Description</td>
</tr>
<tr>
<td>------------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Charity Portal</td>
<td>An online portal that enables registered charities to update their details and submit reports with the ACNC</td>
</tr>
<tr>
<td>Charity Register</td>
<td>A freely available, interactive, online public database of information about the organisations registered with the ACNC</td>
</tr>
<tr>
<td>Commission</td>
<td>Australian Charities and Not-for-profits Commission</td>
</tr>
<tr>
<td>DET</td>
<td>Commonwealth Department of Education and Training</td>
</tr>
<tr>
<td>Dr</td>
<td>Doctor</td>
</tr>
<tr>
<td>ED</td>
<td>Exposure drafts</td>
</tr>
<tr>
<td>FTE</td>
<td>Full time equivalent staff number</td>
</tr>
<tr>
<td>FOI</td>
<td>Freedom of information</td>
</tr>
<tr>
<td>FOI Act</td>
<td>Freedom of Information Act 1982 (Cth)</td>
</tr>
<tr>
<td>IPS</td>
<td>Information Publication Scheme</td>
</tr>
<tr>
<td>Hon</td>
<td>The Honourable</td>
</tr>
<tr>
<td>IT</td>
<td>Information technology</td>
</tr>
<tr>
<td>MP</td>
<td>A member of parliament</td>
</tr>
<tr>
<td>MOU</td>
<td>Memorandum/a of Understanding</td>
</tr>
<tr>
<td>NFP</td>
<td>Not-for-profit</td>
</tr>
<tr>
<td>NSCOA</td>
<td>National Standard Chart of Accounts</td>
</tr>
<tr>
<td>ORIC</td>
<td>Office of the Registrar of Indigenous Corporations</td>
</tr>
<tr>
<td>PGPA Act</td>
<td>Public Governance, Performance and Accountability Act 2013 (Cth)</td>
</tr>
<tr>
<td>Registered charity</td>
<td>A charity registered with the ACNC. Referred to in this report in context as a ‘charity’</td>
</tr>
<tr>
<td>SES</td>
<td>Senior Executive Service</td>
</tr>
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